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The Commercial and
FINANCIAL CHRONICLE
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Volume 157 Number 4150 New York, N. Y., Thursday, February 11, 1943 Price 60 Cents a Copy

OUR REPORTER'S REPORT

Shelved Temporarily

Underwriting interests are not quite so sanguinary at the moment, as they were a few weeks ago, on the outlook for action on the several utility issues which are in the works.

It now looks as though another month will pass before either the Puget Sound Power & Light financing or that of the Public Service Company of New Hampshire come to market.

Both are regarded as attractive undertakings—the former involving $52,000,000 of 30-year first mortgage bonds and $8,000,000 of nine-year debentures, and the latter $22,000,000 of 30-year first mortgage bonds and $2,500,000 unsecured serial notes, the notes to be placed privately.

Still Selling Municipals

Institutions are still inclined to taper off their holdings of municipals when the opportunity affords, presumably by way of off-

(Continued on page 575)

Canadian Securities

With this issue of the "Chronicle" we are inaugurating a regular weekly column devoted to Canadian securities. In addition to discussing pertinent features of individual issues, we shall attempt to cover general developments in the field. Particular attention will be given to developments affecting American holders of Canadian securities.—See page 572.

SEC Denies Purported Intention To Close Stock Exchanges

Ganson Purcell, Chairman of the Securities and Exchange Commission, in a statement unanimously agreed to by members of the Commission, declared that the Commission had no intention of exercising its authority to close the securities exchanges of the country as feared by investors as a result of story published in the New York "Times" of February 7th.

Mr. Purcell stated that the report had been prepared by members of his staff for "circulation among the five commissioners for their information" and was "simply routine." Closing of the exchanges had been suggested by two of the SEC staff members as a move to prevent a bull market which might also curb trading volumes, a result beneficial of itself, the staff members felt.

In commenting upon the report, Mr. Purcell pointed out that "the Commission's well established policy over its entire existence has been to keep the exchanges open and functioning during all periods of crisis," and that the published article while quoting extensively from the memorandum had omitted the "memorandum's conclusion that it would be undesirable (to close the exchanges) since such a measure would do serious harm to American investors."

The text of Mr. Purcell's statement follows:

"The Commission has been asked for a statement regarding a story which appeared in the New York 'Times' for Feb. 7, based upon a memorandum prepared by members of the Commission staff.

"The memorandum in question was a confidential document of a routine nature prepared by members of the staff of the trading and exchange division submitted to the director of that division, James A. Treanor, Jr. It was also circulated to the individual commissioners for their information. It is one of a number of reports prepared and submitted from time to time in the course of the Commission's discharge of its continuing duties. It should be stated that employees of the Commission are constantly making studies in the various fields of activity covered by the laws which it administers. These studies are the routine work of the Commission, a great deal of which is done in order to form the basis for definitive action wherever that may seem necessary.

"The memorandum was not given any publicity with the knowledge or consent of the Commission or any of its members and had not received the approval of the Commission. In fact, it had not even been discussed at any Commission meeting.

"The memorandum contained no proposal for the immediate adoption of any measure, and did not support any proposal to close the stock exchanges as a method

(Continued on page 566)

Pictures of the New York Security Dealers Association Seventeenth Annual Dinner On Pages 568, 569

Says Security Dealers Now Have Increased Duties To Investors

Reminding security dealers "of a new and immense responsibility that is developing as a part of the war program," Henry G. Riter, III, Chairman of the National Association of Securities Dealers, Inc., took occasion on Feb. 4 to refer "to the new army of investors which the Government's financing program has produced." "Our satisfaction with the importance of that contribution to the successful prosecution of the war," said Mr. Riter, "is soundly justified, but let us not neglect to recognize that this same army of investors will present a different kind of responsibility in the years that lie ahead than we are discharging in winning thousands to its ranks." Mr. Riter pointed out that "the securities industry should be the first to concern itself with ways and means of safeguarding this national resource of capital." His remarks were addressed to the New York Security Dealers' Association, at their annual dinner on Feb. 4 at the Waldorf-Astoria Hotel in New York. The subject of Mr. Riter's remarks was "Benefits to the Public and Securities Industry Through Self-Regulation," and in his address he made the observation that "NASD is commonly believed to be a self-regulating instrument," "but in truth," he added, "that statement must be qualified.' "Actually," he said, "NASD is the form through which the securities business seeks to do its part of a job of **'cooperative** self-regulation.'" He went on to say that "the SEC is entrusted with great powers of supervision over policies and conduct of NASD. They literally have the power of veto and of corrective authority over any course of action pursued to which they take exception." "But in the largest sense," said Mr. Riter, "the Commission has left us to do our job and has encouraged us at every opportunity. We are grateful and look forward to continued relations on that basis."

Henry G. Riter, 3rd

Frank Dunne, President of the New York Security Dealers Association, presided at the affair, which was also featured by an address by Col. Willard Chevalier, publisher of "Business Week" and Vice-President of the McGraw-Hill Publishing Co.

Mr. Riter's address follows substantially in full:

(Continued on page 572)

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United Elastic Corporation reports for the year ended December 31, 1942, consolidated net profit of $564,511 after all charges including provision for Federal Taxes less Post-War Refund of $2,322,000 and $350,000 reserve for contingencies. On the 149,500 shares of capital stock, net is equal to $3.77 a share. This compares with net for 1941 of $368,959 or $2.46 a share. Balance sheet as of December 31, 1942, shows current assets of $3,820,758, including cash of $699,791, current liabilities of $1,155,436 and net working capital of $2,665,322. This compares with working capital of $2,191,287 on December 31, 1941.

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Van Alstyne Noel Co. To Be NYSE Members

Van Alstyne, Noel & Co., 52 Wall Street, New York City, will acquire membership in the New York Stock Exchange as of Feb. 18, with the admission to partnership of Harral S. Tenney, Jr., member of the New York Exchange. Mr. Tenney was formerly active as an individual floor broker.

Partners of the firm will be David Van Alstyne, Jr., Richard C. Noel, Edward L. Elliott, L. Richard Kinnard, J. J. Hindon Hyde, Harold K. Young, Harral S. Tenney, Jr., general partners, and Janet G. Van Alstyne and Marietta T. Noel, limited partners.

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SEC Appropriation For 1944 Reduced 16% In Budget Slash By House Committee

A cut of more than 16% in the 1944 appropriation for the Securities and Exchange Commission has been voted by the House Appropriations Committee because of "reduced activity in the financial world." A reduction of $112,000 below the 1943 allotment of $4,910,000 for the Commission was made by the Budget Bureau in recommending the appropriation for the 1944 fiscal year, but the Committee called for additional reduction to $4,048,000, or $862,000 under last year and $750,000 less than the budget proposal.

The Budget Bureau reduced the salary appropriation for the SEC from $4,850,000 in 1943 to $4,750,000 in 1944, but the House Committee cut the amount an additional $750,000. The reduction of $12,000 for the SEC printing budget was unchanged.

In making the report to the House, the Appropriations Committee explained:

"In recommending this reduction, the Committee has taken into consideration the reduced activity in the financial world as indicated very definitely in tables relating to loans, exchange membership, the number of New York Stock Exchange tickers and electric boards in operation," the Committee explained in a report to the House.

"The Committee believes that the need for retrenchment in nonwar appropriations is a further justification for the reduction recommended."

Bigham & Peregrine With Davies & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—Wesley B. Bigham and Jacob E. Peregrine have become associated with Davies & Co., Russ Building. Mr. Bigham was formerly with H. R. Baker & Co. as Northern California Sales Manager; prior thereto he was Vice-President of Franklin Wulff & Co., Inc., and was with Bankamerica Company.

Edwin Everham Joins Baker, Simonds & Co.

(Special to The Financial Chronicle)

DETROIT, MICH. — Edwin N. Everham, member of the Detroit Stock Exchange, George A. Reuter and Richard W. Pender have become associated with Baker, Simonds & Co., Buhl Building, members of the Detroit Exchange. All were formerly associated with Allman, Everham & Co., of which Mr. Everham was Vice-President and Secretary.

Truman Lifsey Forms Own Firm In Palm Bch.

(Special to The Financial Chronicle)

PALM BEACH, FLA.—Truman A. Lifsey Company has been formed with offices in the First National Bank Building to deal in municipal and tax exempt securities. Officers of the firm are Truman A. Lifsey, Jr., President and Treasurer; Jeanette A. Lifsey, Vice-President, and Gladys J. Wilcher, Secretary. Mr. Lifsey was formerly Vice-President of Carlberg & Cook, Inc., of which Miss Wilcher was also an officer.

United Elastic Interesting

The current situation in United Elastic Corporation offers interesting possibilities, according to du Pont, Homsey Company, Shawmut Bank Building, Boston, Mass. Copies of an interesting report on this corporation may be had upon request from du Pont, Homsey Company.

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Glen Hildebrand Is With Cruttenden & Co.

(Special to The Financial Chronicle)

PEORIA, ILL.—Glen J. Hildebrand, formerly President of Hildebrand-Osborn & Co., has become associated with Cruttenden & Co., 209 South La Salle St., Chicago, Ill., members of the New York and Chicago Stock Exchanges.

Brown Schlessman Owen Announces Dissolution

DENVER, COLO. — Brown, Schlessman, Owen & Co. announce the dissolution of their firm and the closing of their offices for the duration of the war, because of the loss of partners and personnel to the Government service.

The following from Brown, Schlessman, Owen & Co. are in the service of the Government: Lt. Colonel Alfred G. Brown, Major Raymond W. Maxwell, Captain Paul H. Hadley, Lt. Douglas Morrison, Lt. Jackson F. King, Officer Candidate Frederick N. Pabst; Merrill Stubbs, War Production Board; Robert L. Brown, Office of Price Administration; W. Myron Owen, defense work.

St. Louis Bank Stock Manual For 1943

The 1943 edition of the Manual of St. Louis Bank Stocks issued by G. H. Walker & Co., members of the New York and St. Louis Stock Exchanges and other leading exchanges, is now in the course of preparation and will be ready for distribution about Feb. 15. Copies may be obtained from G. H. Walker & Co., One Wall St., New York City, or Broadway and Locust Sts., St. Louis, Mo.

Leo With Conrad, Bruce

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Ernest Leo has become associated with Conrad, Bruce & Co., 530 West Sixth St. Mr. Leo was formerly with Protected Investors of America and prior thereto was Vice-President of Leo & Curtis, Inc.

Stromberg-Carlson Offers Attractive Situation

The current situation in Stromberg-Carlson common offers attractive possibilities, according to a memorandum issued by Herzog & Co., 170 Broadway, New York City, from whom copies may be obtained upon request.

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Herbert D. Seibert,
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William Dana Seibert, *President*
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Thursday, February 11, 1943

Published twice a week [every Thursday (general news and advertising issue) with a statistical issue on Monday]

Other Offices: Chicago—In charge of Fred H. Gray, Western Representative, Field Building (Telephone State 0613). London—Edwards & Smith, 1 Drapers' Gardens, London, E.C.

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Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 3, 1879.

Subscriptions in United States and Posessions, $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year.

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Over Five Hundred At N. Y. Dealers Dinner

More than 500 guests attended the 17th anniversary dinner of the New York Security Dealers Association last Thursday at the Waldorf-Astoria. Frank Dunne, President of the Association, presided.

After the opening remarks by Mr. Dunne, Col. Willard Chevalier, publisher of Business Week, addressed the gathering on "War Is Our Business." Following Col. Chevalier's talk, Henry G. Riter, 3rd, Chairman of the Board of Governors of the National Association of Securities Dealers, spoke on "Benefits to the Public and the Securities Industry Through Self-Regulation." Mr. Riter's remarks appear elsewhere in this section.

Frank Dunne

Wilfred Smith Now With Thomson & McKinnon

(Special to The Financial Chronicle)

INDIANAPOLIS, IND. — Wilfred E. Smith has become associated with Thomson & McKinnon, 5 East Market St. Mr. Smith was formerly Local Manager for Merrill Lynch, Pierce, Fenner & Beane, and prior thereto served in the same capacity with Fenner & Beane.

Legal Oddities

THE MORTGAGE NOTE

"Yes, you can have $1,000 at 7% if you give me a mortgage on your house," the lender agrees.

"I expected that," the borrower concurs.

"And, of course, you'll give me a note for the same amount, and at the same rate of interest," the lender suggests.

"Yes, I believe that's customary in this State," the borrower admits, the mortgage and note are signed, and the borrower departs with his money.

"Now, I think I'll do a little pen work," the lender decides. "He'll never know the difference, and I'll just change the interest on that note to 8%."

The borrower does know the difference, however, and refuses to pay the note on the ground of the unauthorized alteration.

"You caught me there, but that doesn't stop me from foreclosing my mortgage on your house," the lender threatens.

"Oh, yes, it does," the borrower retorts. "My lawyer tells me that the fraudulent alteration of a mortgage note voids the mortgage too."

And the borrower's point was well taken.

"A party who voluntarily and fraudulently destroys the evidence of a debt agreed upon by the parties ought not to be allowed to supply its place by other evidence," says the Illinois Court in a case on the point.

Graham Walker V.-P. Of National Quotation

Graham W. Walker has been elected Vice-President of the National Quotation Bureau, Inc., 46 Front Street, New York City. Mr. Walker is a graduate of the Wharton School of the University of Pennsylvania and for the past three years has been in charge of investment dealer relations and branch office supervision of the bureau.

Canadian Review

The Quarterly Canadian Review, published by Dominion Securities Corporation, 40 Exchange Place, New York City, is now being distributed. Contained in the Review is a statistical summary of Canadian trade, business and finance, a review of general conditions, and the Canadian bond and stock markets, with other interesting news of the Dominion. Copies of the Quarterly Review may be had from Dominion Securities Corporation on request.

J. R. Durrance Co. Formed

(Special to The Financial Chronicle)

CORAL GABLES, FLA.—J. R. Durrance has opened offices at 208 Alcazar Avenue to act as a dealer in municipal and tax exempt securities under the firm name of J. R. Durrance and Company. Mr. Durrance was formerly in business for himself in Miami.

British Columbia Offers Interesting Features

An interesting descriptive circular on the Province of British Columbia has just been issued by Wood, Gundy & Co., Inc., 14 Wall St., New York City, copies of which may be had from the firm upon request.

American Business Credit Situation Interesting

Hill, Thompson & Co., Inc., 120 Broadway, New York City, have prepared an interesting memorandum on American Business Credit Corporation, copies of which may be had from the firm upon request.

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Toronto Stock Exchange Opposes Treaty On Extraditions From Canada

The so-far successful action of the Toronto Stock Exchange, in concert with organizations of other Canadian exchanges and dealers' groups, in opposing a new extradition treaty between the United States and Canada is thoroughly understandable even though it may be irritating to some bureaucrats here. The new treaty, already ratified by the United States Senate, its proponents contend, is necessary to eliminate loopholes in the old 1905 treaty to close the Dominion as a refuge for fake stock salesmen, mail-fraud operators and other swindlers. Most American laws to prevent securities frauds were enacted after the ratification of the old treaty.

The Toronto Exchange and other Canadian groups last August succeeded in having consideration of the new treaty postponed until January; then the Premier announced that the treaty could not be taken up until late in this session of Parliament.

In a statement issued last week, A. J. Trebilcock, Secretary of the Toronto Exchange, declared: "Canadians will live up to the laws of the Dominion but not to the security laws of the 48 States and Washington. If the treaty goes through every Canadian enterprise, financed or even partially financed from the States, will come under it. It is contrary to the public interest."

The treaty ratified by Washington last July provides for reciprocal extradition for the following offenses listed in Article III:

"26. Using the mails to defraud.

"31. Crimes or offenses against the laws for the prevention of fraud in the sale or purchase of securities.

"32. Crimes or offenses, if indictable, against the laws regulating (a) public securities markets, or activities affecting such markets; (b) registration or licensing of securities or of persons or companies doing business in securities, or giving advice with respect thereto; (c) investment or public utility companies.

"33. Extradition shall also take place for participation or conspiracy in any of the crimes or offenses before mentioned or in any attempt to commit any of such crimes or offenses."

A Beautiful Baby?

Frank A. Pavis, of Charles E. Quincey & Co., N. Y. City, revealed an unexpected talent for the terpsichorean at the New York Security Dealers Association dinner where he brought down the house with a neat turn —page the Arthur Murray Dance Studios. Here is talent that really brings laughs.

New Phone For Kurt Schurig

Kurt H. Schurig & Co., 50 Broadway, New York City, specialists in South American and other foreign securities, announce that their telephone number is now WHitehall 3-4180.

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Frank S. Kelly To Be Inv. Dealer In Cgo.

(Special to The Financial Chronicle)

CHICAGO, ILL.—Frank S. Kelly has opened offices at 100 West Monroe St. to engage in a general securities business. Mr. Kelly was formerly associated with Harry A. Lowther, Inc. Prior thereto he was with Shields & Co., and was an officer of Knight, Dickinson & Kelly and its predecessor, Nichols, Terry & Dickinson, Inc.

McDonald With Bacon

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—James D. McDonald has become affiliated with Bacon & Co., 256 Montgomery St., members of the San Francisco and Los Angeles Stock Exchanges. Mr. McDonald was formerly with Monasch & Co. and Richard P. Gross & Co. In the past he conducted his own investment firm and was a partner in J. Barth & Co.

Seattle Gas 1st & 2nd Pfd.
Northwest Utilities P. L. Pfd.
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PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Sumner H. Gross** is now with **J. Arthur Warner & Co.,** 89 Devonshire Street.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Harry L. Wells** is now associated with **Caswell & Co.,** 120 South La Salle Street. Mr. Wells was formerly with the First National Bank of Chicago.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Ralph L. Wetzel** and **James L. Martin** have become affiliated with **Glore, Forgan & Co.,** 135 South La Salle Street. Mr. Wetzel was formerly with Paine, Webber, Jackson & Curtis and Jackson & Curtis for many years.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Charles Jernegan,** previously with Alfred O'Gara & Co., is now connected with **Riter & Co.,** 134 South La Salle Street.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—**James T. Conners,** previously with Otis & Co., has joined the staff of **Merrill Lynch, Pierce, Fenner & Beane,** 216 Superior Avenue, N. E.

(Special to The Financial Chronicle)

DENVER, COLO. — **Lewis R. Nance** has become associated with **Boettcher & Company,** 828 17th Street. Mr. Nance was formerly with Brown, Schlessman, Owen & Co., and prior thereto with Calvin Bullock.

(Special to The Financial Chronicle)

DETROIT, MICH.—**Andrew B. Knox** is now connected with the staff of **Hornblower & Weeks,** Penobscot Building. Mr. Knox was previously with Paine, Webber, Jackson & Curtis.

(Special to The Financial Chronicle)

DETROIT, MICH.—**Guy E. Wilson** has been added to the staff of **Smith, Hague & Co.,** Penobscot Building. Mr. Wilson was previously with Keane & Co. and Wm. C. Roney & Co.

(Special to The Financial Chronicle)

GLENDALE, CALIF. — **Joseph W. Gustavson** has become associated with **Bankamerica Company,** Russ Building, San Francisco and Bank of America Building, Los Angeles. Mr. Gustavson was formerly local Manager for H. R. Baker & Co. and prior thereto was with Franklin Wulff & Co.

(Special to The Financial Chronicle)

HARTFORD, CONN.—**Patrick D. Sullivan** has joined the staff of **Paine, Webber, Jackson & Curtis,** 43 Pearl Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Walter Z. Allen** is now with **H. R. Baker & Co.,** Bank of America Building.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Charles H. Richards,** formerly with H. R. Baker & Co., has become connected with **Bankamerica Company,** 650 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Leigh B. Freeze** has become associated with **G. Brashears & Co.,** 510 South Spring Street. Mr. Freeze was previously with Fairman & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**E. Bruce Jensen,** formerly with Fewel, Marache & Co. and M. H. Lewis & Co., is now with **Nelson Douglass & Co.,** 510 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Lloyd C. Young, Jr.,** and **James E. Hill** have become associated with **Pacific Company of California,** 623 South Hope Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Genevieve M. Clancy,** previously Secretary of Redfield & Co., has become associated with **Van Denburgh & Bruce, Inc.,** 523 West Sixth Street.

(Special to The Financial Chronicle)

MACON, GA. — **Mrs. Ellen J. Reagan** is connected with **Clement A. Evans & Co., Inc.,** Bankers Insurance Building.

(Special to The Financial Chronicle)

ORLANDO, FLA. — **Lee F. Mitchell** has joined the staff of **Southeastern Securities Corp.,** 28 Wall Street. Mr. Mitchell was previously with Florida Bond and Share, Inc., and was an officer of Commonwealth Securities, Inc.

(Special to The Financial Chronicle)

NEW ORLEANS, LA.—**S. Cleveland Laub,** formerly city salesman with Scharff & Jones, Inc., has become associated with **Kingsbury and Alvis,** Hibernia Building, and will cover the State of Louisiana as retail representative for the firm. Mr. Laub has been in the bond business in New Orleans since 1933.

(Special to The Financial Chronicle)

REDLANDS, CALIF. — **George H. Bunnell,** formerly local Manager for White, Wyeth & Co. and James R. Martin & Co., has become affiliated with **H. R. Baker & Co.,** whose main office is in the Russ Building, San Francisco.

(Special to The Financial Chronicle)

ST. PETERSBURG, FLA.—**Sterling B. Bottome** and **E. P. De Poix** have become connected with with **Cohu & Torrey,** Walgreen Building.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Frank Kennedy** is now with **Elworthy & Co.,** 111 Sutter Street. In the past Mr. Kennedy was with Donnellan & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**George E. Crary** has rejoined **E. F. Hutton & Co.,** 160 Montgomery Street. Mr. Crary was recently with Bankamerica Company as Oakland Division Manager.

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REAL ESTATE SECURITIES

The first mortgage bonds of the Chesebrough Building Company, which is controlled by the City Service Co., have continually paid their fixed interest requirement of 6% since they were issued Oct. 1, 1923—a period of over 18 years. Despite this fact, at current market levels, the bonds can be purchased to yield better than 10%. Apparently the price of the bonds has been kept down due to the fact that reports issued by the company during the past ten years have shown that interest requirements have not been earned. Strangely enough, during all this time the company has never attempted to reorganize this bond issue. They have, however, since 1939 taken advantage of the New York State Mortgage Moratorium Law and have not met the sinking fund requirement of $50,000 per annum. Bonds were originally issued in the amount of $3,500,000 and there are currently $2,625,000 outstanding.

Gross income of the properties securing these bonds was at the highest level for the past 10 years for the fiscal year ended September, 1942.

The properties securing the bonds are all located in the Battery Park Section of New York City, an area given over largely to concerns in the shipping, export and import and allied industries. Should the anticipated post-war shipping boom for the Port of New York materialize, it is probable that these properties will benefit.

The bonds are secured by a first mortgage on the following properties all owned in fee:

Battery Park Building located at 21-24 State St. with a frontage of 108 feet on State St., 129 feet on Bridge St. and 119 feet on Pearl St., is a 12-story and basement office building having a total rentable space of 110,000 square feet, with a land area of 14,630 square feet;

Maritime Building located at 8-10 Bridge St. with a frontage of 88 feet on Bridge St., 115 feet on Pearl St. and 135 feet on Chesebrough Court, is an 11-story and basement office building having a total rentable area of 93,000 square feet, with a land area of 13,483 square feet;

Maritime Annex Buildings comprising 19-23 Pearl St. and 22-24 Whitehall St., adjoining the Maritime Building, are four and five story office buildings with total rentable space of 29,000 square feet and land area of 8,271 square feet;

Chesebrough Building, an 11-story and basement office structure and adjoining buildings include 9-20 State St., and 10-12 Pearl St. having a total frontage of 227 feet facing Battery Park and 147 feet on Pearl St. with a total rentable space of 95,860 square feet and a land area of 17,532 square feet.

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48 Hour Minimum Work Week Established; Overtime Pay Above 40 Hours Continues

President Roosevelt signed on Feb. 9 an executive order establishing a minimum 48-hour work week, "in order to meet the manpower requirements of our armed forces and our expanding war production program by a fuller utilization of our available manpower."

The order, which does not affect the workers' existing right to overtime pay, directs Paul V. McNutt, Chairman of the War Manpower Commission, to determine all questions of interpretation and application. Mr. McNutt immediately ordered the longer work week into effect in 32 critical labor shortage areas, applying the order to all employment, whether war or non-war. It is expected to be extended to other areas later. The areas now affected by the order are:

Bath, Me.; Bridgeport, Waterbury, Hartford and New Britain, Conn.; Portsmouth, N. H.; Springfield, Mass.; Buffalo, N. Y.; Somerville, N. J.; Baltimore and Elkton, Md.; Hampton Roads, Va.; Washington, D. C.; Akron and Dayton, Ohio; Detroit, Mich.; Manitowoc, Wis.; Sterling, Ill.; Brunswick, Ga.; Charleston, S. C.; Macon, Ga.; Mobile, Ala.; Panama City, Fla.; Pascagoula, Miss.; Wichita, Kan.; Beaumont, Tex.; Cheyenne, Wyo.; Odgen, Utah; Las Vegas, Nev.; Portland, Ore.; San Diego, Calif., and Seattle, Wash.

Issuance of the President's order was announced in a radio address by James F. Byrnes, Economic Stabilization Director, who explained, as follows:

"To make more effective use of our manpower during the war period, the President has today signed an executive order establishing a minimum 48-hour work week, without affecting the workers' existing right to overtime pay. Many war industries are already working 48 hours or more a week, but the order will compel other industries to go on a minimum 48-hour week wherever feasible. In general adoption of the 48-hour week will enable us to ge more work out of our limited labor supply. While overtime payments will add to the wage bill, the addition will be largely made up by the increased production secured. And we shall

(Continued on page 574)

Tomorrow's Markets Walter Whyte Says—

By *WALTER WHYTE*

Dow confirmation last week completely ignored. But sharp advance of short duration now indicated. Subsequent reaction probably will run deeper. Stops moved up.

Another week has gone by and the anticipated reaction has not come to pass. Instead, certain stocks here and there are once again beginning to perk up giving the entire market a well behaved tone. Reactionary signs of one day give way to rally signs the next. The result is a standoff.

* * *

Last week the much talked of Dow confirmation finally made its appearance. But there was no excitement, no ballyhoo, no fanfare.

* * *

True, the Dow theory disciples began throwing their weight around but as their total buying power is negligible their effect on the price movement was equally unimportant. Their influence today rests largely on the impression they can make on potential buyers. And potential buyers being quite human prefer something more tangible than a mysterious confirmation of any given average.

* * *

Your average buyer-to-be wants drama to loosen him from his ready cash. He wants an active market, a strong market, a market with volume. Nothing intrigues him so much as a chattering ticker and excited phone calls from the floor announcing to all and sundry that the tape is late and floor prices are anywhere from a point to two points higher. That such a condition will occur in the near future is quite possible even if present day conditions that affect price trends don't promise it.

* * *

During pre-war and pre-SEC days a full confirmation of the Dow averages would mean one thing—a continuation of the trend in the direction of the signal. But anybody who watches current markets knows this applies no longer. Company directors who, in the old days, frequently played along with astute market operators are no longer a factor in the market. This may have improved moral standards but has certainly reduced speculative movements. In the old days markets acted something like this.

* * *

A trend would be established, technical signals would be given and wheee! away they'd go. A market operator who knew his business would either feed the fire by nicely placed rumors or by actually buying say 10,000 shares of a certain stock. Of course he seldom put up real hard cash. He had options from company directors against which he could establish positions. Invariably these maneuvres increased as the market was approaching a top but conversely public interest was at its highest. As top indications increased market operators unloaded and put out short lines. When the inevitable reactions set in the operators could never cover their shorts.

* * *

Sometimes reactions went too far. In that case operators (and specialists) called in company directors telling them their stock had broken, say 10 points, and a support order would help not only the stock but would result in profit. So just about the time when things looked blackest a recovery — referred to as technical — would occur and the whole cycle would be repeated. But today directors do not support stocks. They can't do it for two reasons—SEC and taxes. So what you see today is a leveling off of the peaks and valleys.

* * *

During an up market cycle, normal reactions are replaced by periods of dullness. And when a reaction does occur it frequently runs much deeper than expected. The Dow theory which has now been expounded for 40 years reflects this change. A confirmation today no longer means what it did years ago. There have even been periods in the recent past when such a confirmation resulted in moves which died after only a few market hours.

* * *

But not all the habits of the old time markets have disappeared. At least one

(Continued on page 571)

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RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

The tenor of the testimony offered by witnesses on behalf of the OPA in its attempts to have the Interstate Commerce Commission cancel the freight rate and passenger fare increases granted last year was hardly of a nature to warrant apprehension on the part of the railroads or holders of railroad securities. If these arguments are the best that can be mustered in support of the demands for cancellation by the OPA it hardly appears likely that the Commission will be impressed to any great extent. In addition, it would appear that the OPA witnesses went out of their way to build up the greatest possible antagonism.

To say the least, it seems unpolitic to "venture" as the OPA counsel did that the presiding commissioners would be "startled to see how railroad earnings have skyrocketed." Even a cursory perusal of I. C. C. releases and reports over a period of months would be sufficient to convince the reader that the Commission on its own had become aware of the trend of railroad earnings. The subsequent contention by another OPA witness that anti-inflation legislatioin had in effect been written into all existing laws, including the Interstate Commerce Act, was not calculated to clear the atmosphere.

The burden of most of the testimony in support of cancellation of the rate and fare increases was that they were seriously inflationary. It was contended that the increases would add some $400,000,000 to the country's 1943 transportation bill. It is difficult to visualize this sum as a serious inflation threat when compared with other price increases throughout industry and the impact of broad wage increases that have been granted in many lines. It also seems rather naive to consider the rise in rates on agricultural products, which was limited to 3%, as one of the determining factors in the higher food prices when viewed in conjunction with the machinations attending the establishment of so-called parity prices.

The railroads have been accused in the past week of outrageous profiteering. The charge is based on the rapid rise in profits realized under the stimulus of the war traffic. It is notable, however, that the figures used are based on income before taxes, whereas the profit of any enterprise could obviously not be predicated on any such base. There is no denying that the railroads are making considerably more money than they did in the pre-war years, even after deducting taxes, but just as certainly if the present profits represented outrageous profiteering they would already be draining off in taxes. Excess profits tax legislation is designed for just such a purpose, and is fully adequate to prevent the abuses of which the railroads are being accused.

Common sense should prove that a reasonable return on invested capital (if the less than 6% that the carriers are now earning is a reasonable return) may not be characterized as "profiteering" just because it happens to be in comparison with a pre-war state of chronic poverty. The last straw was the contention that a 3% return was adequate just because it compared favorably with the return available on Government bonds. Specious reasoning of this nature, no matter how well devised it may be to catch the eye in newspaper headlines, certainly can not be counted upon to impress a body such as the Commission, which has access to the facts and is fully conversant with all of the factors entering into the railroad picture and the rate controversy.

Without any more telling testimony than this on behalf of the proponents of rate and fare increase cancellation, it is our opinion that the probable outcome of these hearings will not carry any unfavorable implications for rail earnings. In the intrastate rate question in Texas the Commission indicated its disinclination to reverse itself on the increases. Also, its proposal that the revenues derived from the increases be segregated for property improvements and debt retirement is taken as an indication that the Commission believes that they should not be cancelled.

The railroads have signified their willingness to accede to the segregation formula, although asking for a voluntary rather than a mandatory basis. If, as seems the most logical expectation, the problem is resolved in this manner and the cancellation demand is turned down, it will add materially to the market potentialities of practically the entire list of second grade railroad bonds. It will assure continuation, presumably at an accelerated rate, of the basis credit improvement taking place throughout the industry.

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Sundstrand Machine Tool Currently Attractive

Sundstrand Machine Tool Co. offers attractive possibilities according to a circular issued by Doyle, O'Connor & Co., 135 South La Salle St., Chicago, Ill., reporting the latest developments affecting the company. Copies of this interesting circular may be had upon request from Doyle, O'Connor & Co.

Taylor Back At Desk

J. Blyth Taylor, who has been on leave of absence for more than a year, while serving as a special assistant in the Department of Finance of the Dominion of Canada, has returned to the United States and has resumed his position in charge of the Canadian Department of Harriman Ripley & Co., Inc., 63 Wall St., N. Y. City.

Defaulted RR. Bond Index

The defaulted railroad bond index of Pflugfelder Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: high—45⅛; low—14¾; Feb. 10 price—44⅜.

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Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

No informed person today seriously doubts that we are experiencing war-promoted inflation. Wars always have produced some degree of inflation, and probably always will, despite ingeniously devised politico-economic controls. One of the important factors affecting the speed and degree of inflation is the cost of the war effort and the means pursued by the Government in financing it.

The Civil War cost approximately $2,500,000,000 and was financed partly through the issue of fiat money, about 20%, but mainly through the issue of Government bonds, which were absorbed, in part, by the banks of that period. Wholesale prices doubled between 1860 and 1865, while the national debt rose from $64,844,000 to $2,677,929,000.

World War I started in the year 1914, when the national debt was $1,188,235,000; in 1917, the year in which we entered, the debt was $2,975,619,000; from then on it rose swiftly and reached its peak of $26,594,268,000 in August 1919. The problem of financing so huge a war cost was unprecedented; reliance on taxation was impracticable, though taxes were increased, fiat money was unthinkable, and the only alternative was borrowing. Fortunately the credit of the Government was high and the country was prosperous, consequently the principal means adopted for raising the necessary billions, through the sale of Liberty Bonds, was entirely successful, and the various issues were readily absorbed by individual and institutional investors, and by the banking system.

It is of interest to consider the effect of this war financing on the banking system, as reflected in the reports and balance sheets of some of the leading New York City banks of the period. The banks included are: Bankers Trust, Bank of New York, Central Union, Chase, Chemical, Corn, First National, Guaranty, Hanover, Irving, Mechanics and Metals, National Bank of Commerce, National City, National Park, and United States Trust.

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	(000 Omitted)			
1914	$1,728,589	$325,100	$18,866	$23,010
1915	2,904,915	340,995	38,968	23,070
1916	2,974,013	382,602	54,106	27,500
1917	3,744,816	389,474	33,092	30,608
1918	3,925,687	422,304	54,491	27,405
1919	4,429,592	458,971	60,950	31,982

*After reserves and adjustments.

(Continued on page 575)

Ready for distribution about February 15

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SEC Denies Plan To Shut Stock Exchanges

(Continued from first page)

for controlling a market boom.

"While the New York 'Times' article quoted extensively from the memorandum's discussion of the proposal to close the exchanges, there was omitted from the article the memorandum's conclusion that it would be undesirable, since such a measure would do serious harm to American investors.

"The question has been asked whether the Commission has any intention of exercising its authority to close the stock exchanges. The Commission has no such intention. In fact, it should be pointed out again that the Commission's well established policy over its entire existence has been to keep the exchanges open and functioning during all periods of crisis. It must be recalled that the exchanges remained open during all critical periods over the past eight or nine years and orderly markets have prevailed."

The portion of the memorandum dealing with the proposal to close the exchanges read:

"Another restriction which has been employed abroad and which might be tried in this country is simply to close the exchanges altogether. Exactly what effect such a suspension would have on the market is not clear. Suspension of Exchange trading in the summer and fall of 1914 probably considerably reduced the turnover in Exchange securities during that period.

"The closing of the market today might also curtail trading volumes, a result which would be beneficial of itself. To a large degree, however, closing the Exchange market may only mean moving such markets off the Exchange floor onto the over-the-counter dealers' trading desks. In view of prevailing over-the-counter trading methods, this shift would be bound to prove costly to investors with respect to many securities, without necessarily having material offsetting beneficial consequences. Before such a step were taken, therefore, it would be well to consider its long-term effect upon exchanges and the consequences upon the investor's welfare."

Cashiers Ass'n Gets 1943 Slate Of Officers

The Nominating Committee of the Cashiers Association of Wall Street, Inc., have today presented their slate of nominees for the various offices of the Association, the Board of Directors, and Nominations Committee for 1943. Those nominated include:

For President, Thomas B. Macdonald of Blyth & Co., Inc.; for First Vice-President, Marvin W. Waldbillig of Halsey, Stuart & Co., Inc.; Second Vice-President, Joseph Hughes of Blair & Co., Inc:; Secretary, Walter H. Stohl, H. L. Allen & Co., and Treasurer, Daniel Breitbart, F. Eberstadt & Co., Inc.

The following members were nominated for directors for the ensuing year: Fred W. Q. Birtwell, Stone & Webster and Blodget, Inc.; Joseph Costa, L. F. Rothschild & Co.; Leo P. Deignan, White, Weld & Co.; M. Leslie Denning, A. G. Becker & Co., Inc.; John Grinwis, Schoellkopf, Hutton & Pomeroy, Inc.; Robert E. Jensen, Public National Bank & Trust Co., and Thomas P. Keely, Green, Ellis & Anderson.

Alvin H. Turton, Chairman; George J. Du Bois and Harry D. Milbank were named for the Nominating Committee for 1943.

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Reserve Fund	6,150,000
Reserve Liability of Prop.	8,780,000
	£23,710,000
Aggregate Assets 30th Sept., 1941	£150,939,354

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FULLY PAID CAPITAL	£3,000,000
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Paid-Up Capital	£2,000,000
Reserve Fund	£2,200,000

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DIVIDEND NOTICES

SOUTHERN RAILWAY COMPANY
New York, December 22, 1942.

Dividends aggregating Three Dollars and Seventy-five cents ($3.75) per share on the preferred stock of Southern Railway Company have today been declared, payable One Dollar and Twenty-five cents ($1.25) March 15, 1943, to stockholders of record at the close of business February 15, 1943, One Dollar and Twenty-five cents ($1.25) June 15, 1943, to stockholders of record May 15, 1943, and One Dollar and twenty-five cents ($1.25) September 15, 1943, to stockholders of record August 14, 1943.

Cheques in payment of these dividends will be mailed to all stockholders of record at their addresses as they appear on the books of the Company unless otherwise instructed in writing.

C. E. A. McCARTHY,
Vice President and Secretary.

UGI **The current quarterly dividend of $1.25** per share on $5 Dividend Preferred Stock and a **dividend of 10 cents** per share on Common Stock have been declared, payable March 31, 1943, to respective holders of record February 26, 1943.

THE UNITED GAS IMPROVEMENT CO.
I. W. MORRIS, Treasurer
January 26, 1943 Philadelphia, Pa.

DIVIDEND NOTICES

a.c.f.
AMERICAN CAR AND FOUNDRY COMPANY
30 CHURCH STREET
NEW YORK, N. Y.

The following dividends this day have been declared on the Preferred Capital Stock of this Company:

Seven per cent (7%) for, and out of the earnings of, the fiscal year ended April 30, 1936. Payable February 23, 1943 to the holders of record of such stock at the close of business February 15, 1943.

One and twenty-nine one hundredths per cent (1.29%) for, and out of the earnings of, the fiscal year ended April 30, 1938. Payable February 23, 1943 to the holders of record of such stock at the close of business February 15, 1943, subject to the following: In accordance with the provisions of the decree of the Chancery Court of the State of New Jersey, made January 27, 1943, of the dividend of 1.29% so declared 25 cents per share will be paid, and the balance, viz., $1.04 per share, will be deposited pending the final determination and the order of the Court with respect to the payment of counsel fees and costs to the complainant or his solicitor in the action in which such decree was made and subject to the payment therefrom of the counsel fees and costs awarded by the Court.

Transfer books will not be closed. Checks will be mailed by Guaranty Trust Company of New York.

CHARLES J. HARDY, *President*
HOWARD C. WICK, *Secretary*
February 4, 1943

Atlas Corporation

Dividend on Common Stock

NOTICE IS HEREBY GIVEN that a dividend of 25¢ per share has been declared on the Common Stock of Atlas Corporation, payable March 12, 1943, to holders of such stock of record at the close of business February 15, 1943.

**Dividend No. 26
on 6% Preferred Stock**

NOTICE IS HEREBY GIVEN that a dividend of 75¢ per share for the quarter ending February 28, 1943, has been declared on the 6% Preferred Stock of Atlas Corporation, payable March 1, 1943, to holders of such stock of record at the close of business February 15, 1943.

WALTER A. PETERSON, *Treasurer*
February 5, 1943.

THE BUCKEYE PIPE LINE COMPANY
26 Broadway
New York, February 2, 1943.

A dividend of Twenty (20) Cents per share has been declared on the capital stock without par value of this Company, payable March 15, 1943, to stockholders of record at the close of business February 26, 1943.

J. R. FAST, Secretary.

J. I. Case Company
Incorporated
Racine, Wis., January 26, 1943.

A dividend of $1.75 per share upon the outstanding Preferred Stock of this Company has been declared payable April 1, 1943, to holders of record at the close of business March 12, 1943.

THEO. JOHNSON, Secretary.

"Call for
PHILIP MORRIS"

New York, N. Y.
February 5, 1943.

Philip Morris & Co. Ltd. Inc.

A regular quarterly dividend of $1.06¼ per share on the Cumulative Preferred Stock, 4¼% Series, and a regular quarterly dividend of $1.12½ per share on the Cumulative Preferred Stock, 4½% Series, have been declared payable May 1, 1943 to holders of Preferred Stock of the respective series of record at the close of business on April 15, 1943.

There also has been declared a regular quarterly dividend of 75¢ per share and an extra dividend of $1.50 per share on the Common Stock, payable April 15, 1943 to holders of Common Stock of record at the close of business on March 29, 1943.

L. G. HANSON, Treasurer.

Spencer Kellogg & Sons, Inc.

A quarterly dividend of $0.40 per share has been declared on the stock, payable March 10, 1943, to Stockholders of record as of the close of business February 20, 1943.

JAMES L. WICKSTEAD, Treasurer

JOHNS-MANVILLE AT WAR

A report to the public for the year 1942

THE WORLD now knows the job that was done in 1942 by American industry in producing the weapons with which we are fighting to Victory.

One of the greatest miscalculations of the Axis leaders was their estimate of the productive potential of that dynamic force we call American Business. They did not understand how readily the skills and abilities of workers and management, developed under freedom and democracy, could be converted to making weapons of war.

How American Business operates—how it has grown to be our great bulwark of strength through the fair reward for work and initiative, and the constant investment of new capital in new ideas and new machinery—is best reflected in the annual reports of the thousands of companies which comprise it.

For this reason, Johns-Manville—as a typical American company—is reporting this year not only to its stockholders and employees but also to the public, the highlights of our first full year of wartime operations:

★

Total Income	**$108½ million**	**100%**
Used for all costs of doing business (except those shown below), including depreciation, depletion and reserves for war contingencies	**$ 49½ million**	**46%**
To employees for salaries and wages	**$ 37 million**	**34%**
To government for taxes	**$ 16½ million**	**15%**
To stockholders in dividends	**$ 2 million**	**2%**
Leaving in the business	**$ 3½ million**	**3%**

★

★ In 1942 Johns-Manville produced the largest volume in its 85-year history. Measured in sales, production was 75% greater than in 1940, and 16% greater than a year ago.

★ Wages and salaries were 23% greater than in 1941. Employees numbered 15,200—slightly less than the year before.

★ Taxes were equivalent to $19.65 per share of the common stock or over $1,098 per employee.

★ Earnings after taxes were 5¢ per dollar of total income, compared to 6¢ last year.

★ Dividends of $7.00 per share were paid on the preferred stock, and $2.25 per share on the common stock.

★ The first shell and bomb-loading plant to receive the Army-Navy "E" Award was built and is being operated under Johns-Manville management.

★ Over 2700 J-M men are in the armed forces of the United Nations.

★ More than a thousand products manufactured by Johns-Manville are now serving our armed forces and our war industries.

Johns-Manville is now at peak operations with all of our energies focused upon record war production until final Victory. When the war is won, we pledge to the public that again we will produce more and better things for the kind of better living for which our country is fighting.

Lewis H. Brown

PRESIDENT, JOHNS-MANVILLE CORPORATION

Those desiring more complete information should refer to a booklet containing the formal Annual Report to Stockholders which we will be glad to furnish on request. Address, Johns-Manville Corporation, 22 East 40th Street, New York City.

J. D. Harrison Dies, Lazard Freres Partner

John D. Harrison, partner of Lazard Freres & Co., New York City, and long active in financial affairs, died suddenly late Sunday night in Palm Beach, Fla., where he had gone several weeks ago to recuperate.

John D. Harrison

Mr. Harrison joined the statistical department of Guaranty Company of New York in 1918 after his return from service in the First World War in which he had been commissioned a major of infantry. In 1923 he became manager of the municipal bond buying department and four years later was advanced to Assistant Vice-President. He became a Vice-President in 1929.

He joined Lazard Freres & Co., Inc., as Vice-President in 1934 and became a partner of Lazard Freres & Co. in 1938.

Mr. Harrison's interest in financial matters was recognized by the Investment Bankers Association which had many assignments for him. He was a member of the Executive Committee and was Vice-Chairman of this Committee in 1931-32. He had been a member of the group Legislation Committee each year since 1934 and at the last convention was elected Governor of IBA for the period 1942-45.

He had been a Governor of the Bond Club of New York from 1929 to 1937. He served a term as Vice-President in 1932-33 and was President in 1933-34.

L. R. Ayers & Co. Is Formed In N. Y. C.

Announcement is made of the formation of L. R. Ayers & Co. with offices at 57 William St., N. Y. City, to deal in municipal securities and to act as specialists in setting up and financing public revenue projects. The trend toward public ownership of utilities, such as water and sewer, power and light and gas properties, Mr. Ayers declares, encourages the belief that in the coming post-war years public revenue bond financing will occupy a major position in the field of municipal finance.

Mr. Ayers has been connected with this type of financing for many years having been with Stranahan, Harris & Co., Inc., and B. J. Van Ingen & Co., Inc., on the financing side and with the J. E. Greiner Company, Consulting Engineers of Baltimore, on the engineering side.

G. C. Lane Co. Formed

(Special to The Financial Chronicle)

NEW HAVEN, CONN.—George C. Lane & Co., Inc., with offices at 70 College Street, has been formed to continue the investment business of George C. Lane, a sole proprietorship. Officers of the new organization are: Arthur O. Samuelson, President and Treasurer; George B. Southworth, Vice-President; and J. A. Shindell, Secretary and Assistant Treasurer.

BOND SERIES

LOW-PRICED BOND SERIES

NATIONAL SECURITIES SERIES

INCOME SERIES

PREFERRED STOCK SERIES

LOW-PRICED COMMON STOCK SERIES

INTERNATIONAL SERIES

FIRST MUTUAL TRUST FUND

Prospectuses upon request

NATIONAL SECURITIES & RESEARCH CORPORATION

120 Broadway, New York

Investment Trusts

"In the opinion of the management, dividends paid by the Fund during 1942 are 100% non-taxable." Owners of investment company shares are reading this type of notice with pleasing frequency these days. Of course, the statement, "Dividends paid during 1942 are, in our opinion, fully taxable," is also encountered, but mostly in connection with funds whose investments are predominantly in bonds.

* * *

There have been lots of charts and tabulations showing the divergence between the London Stock Market and our own since the outbreak of war. But it has remained for Hugh W. Long & Co. to produce a really dramatic picture of this development. The chart — a large one in four colors—reveals also that the rail shares have done substantially better than the industrials both here and in England.

Post-war cushion resulting from the carry-back provisions of the 1942 tax law is important, as pointed out in the February 1 issue of the "New York Letter." For example, if U. S. Steel should earn nothing on its common stock in 1944, it would be entitled to $4.30 per share in the form of tax refunds, although it would have to forego $1.30 of post-war refunds. If Montgomery Ward "broke even" its tax refund would be $2.60 per share, while it would lose $0.50 of its post-war refund.

* * *

The current issue of "Abstracts" charts the effects of leverage on the performance of Affiliated Fund during the month of January and also for the period from Sept. 26, 1941 to Feb. 1, 1943. In the shorter period — Aces up 14.8%; D-J Ind. up 4.9%. In the longer period—Aces up 5.0%; D-J Ind. no change.

* * *

Expressing the thought that its International Series may be an important inflation hedge, National Securities & Research Corp. comments as follows: "It is becoming more obvious every day that a form of inflation is already here. The dollar is continuing to lose value in relation to living costs, and even the most optimistic only hope to slow its course."

COMMONWEALTH INVESTMENT COMPANY

A Mutual Investment Fund

COMMONWEALTH INVESTMENT COMPANY

PROSPECTUS ON REQUEST

North American Securities Company

General Distributor

2500 Russ Bldg., San Francisco

The current "Keynotes" suggests discount bonds for wartime investment. Reasons: (1) they're cheap in relation to present interest coverage; (2) they provide the investor an increased certainty of return; (3) they have a favorable tax status; and (4) they have appreciation possibilities.

* * *

MIT's "Brevits" will, of course, go on—but without the services of its long-time editor, W. F. Shelley. His new job is with the Aviation forces of Uncle Sam's Navy.

* * *

Calvin Bullock's latest "Bulletin" summarizes six reasons why the stock market has risen 35% from last April's lows almost without interruption. Changes in the war outlook and in the American political scene, the rate of industrial production, the supply of money, high yields afforded by common stocks, and the leadership of the London market are cited.

* * *

Hare's, Ltd. in a new folder discusses "The Erroneous Conception of Income." This sponsor advises, "For profitable investment buy earnings and growth potentials in preference to current dividend yield." Charts compare the characteristics of aviation, bank and insurance stocks with those of A. T. & T.

From Investment Company Reports

Affiliated Fund, Inc.—Total net assets as of Dec. 31, 1942 were $18,562,587 equal to $2.16 per share, compared with $18,149,415 and $2.04 a year earlier.

Bond Investment Trust of America—Net assets were $618,650 at the 1942 year-end, equivalent to $94.38 per unit, compared with $158,000 and $96.48 on Dec. 31, 1941. This trust was converted into a diversified open-end company on Sept. 8, 1942 and the in-

(Continued on page 572)

Keystone Custodian Funds

BONDS

Business Men's Investment Bond Fund . . . B1
Medium Priced Bond Fund B2
Low Priced Bond Fund B3
Speculative Bond Fund B4

PREFERRED STOCKS

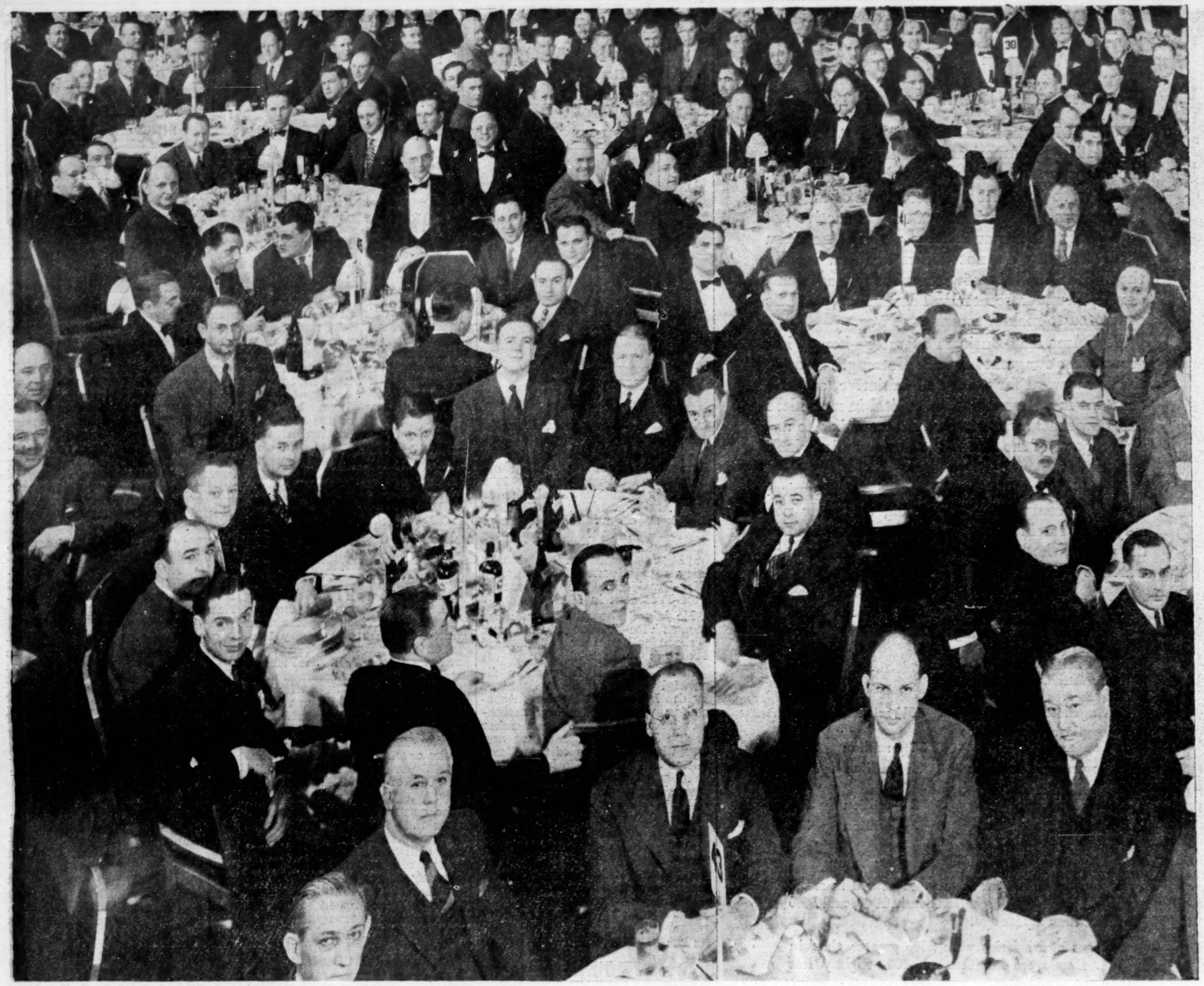
Income Preferred Stock Fund K1
Appreciation Preferred Stock Fund K2

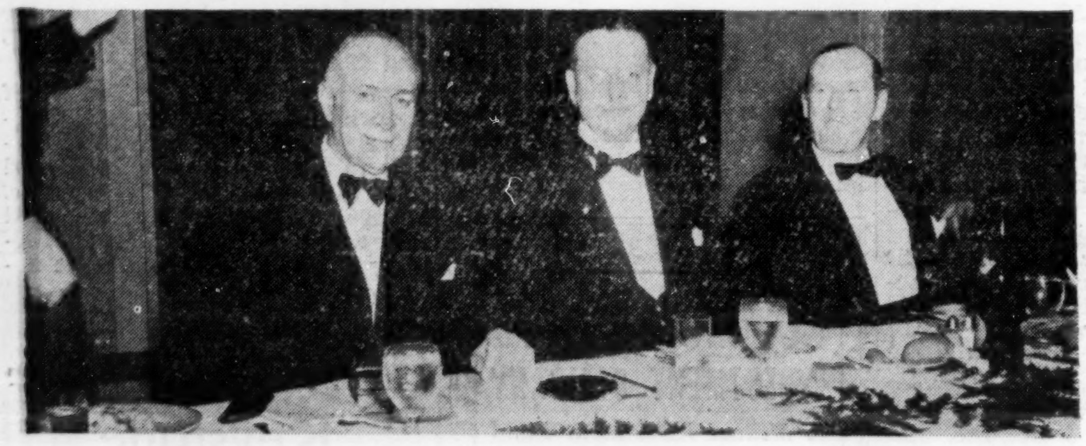
COMMON STOCKS

Quality Common Stock Fund S1
Income Common Stock Fund S2
Appreciation Common Stock Fund S3
Low Priced Common Stock Fund S4

Prospectus may be obtained from your dealer or from

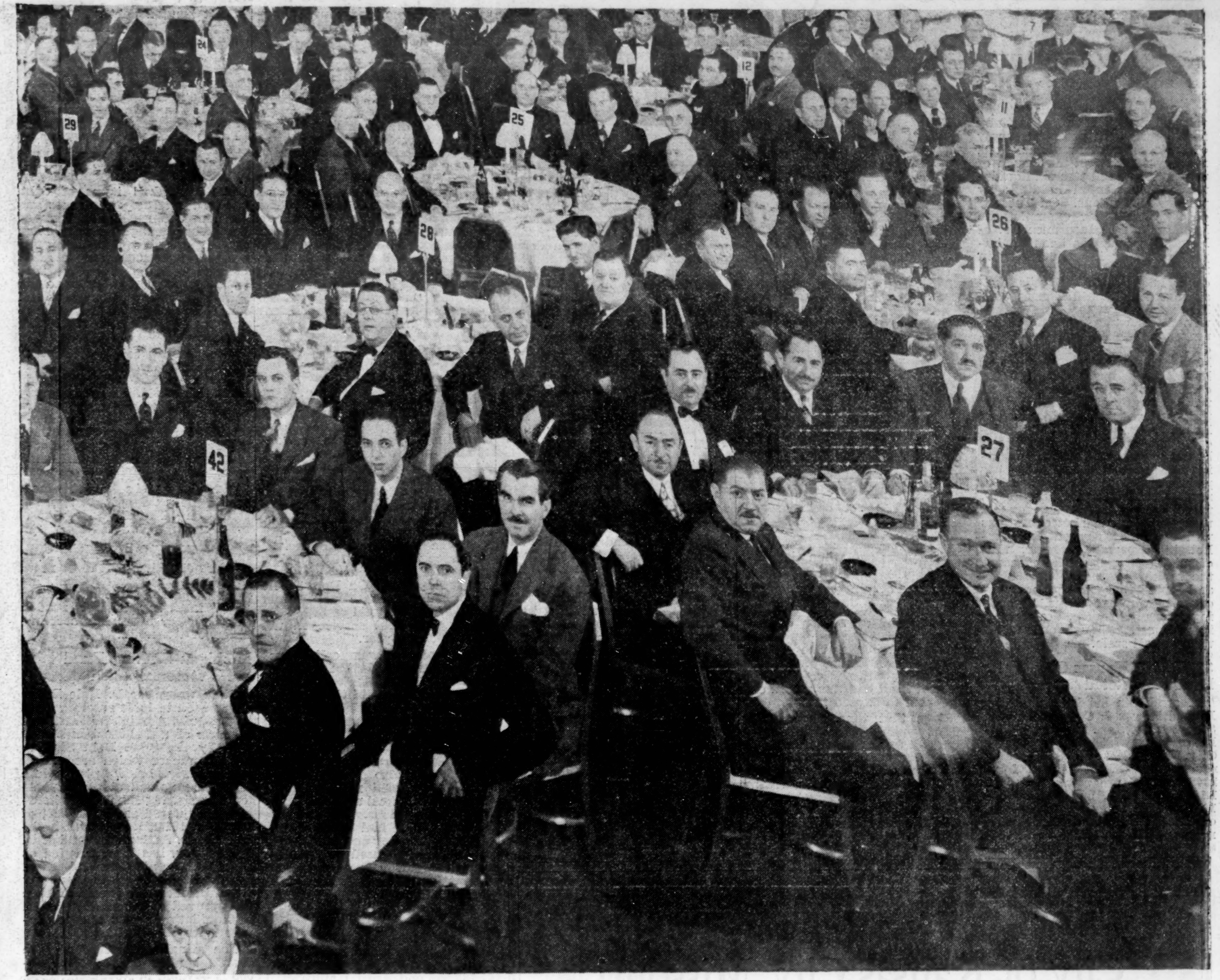
THE KEYSTONE CORP. OF BOSTON
50 CONGRESS STREET, BOSTON





At The New York Security Dealers Association Dinner

Pictures by courtesy of John P. Germain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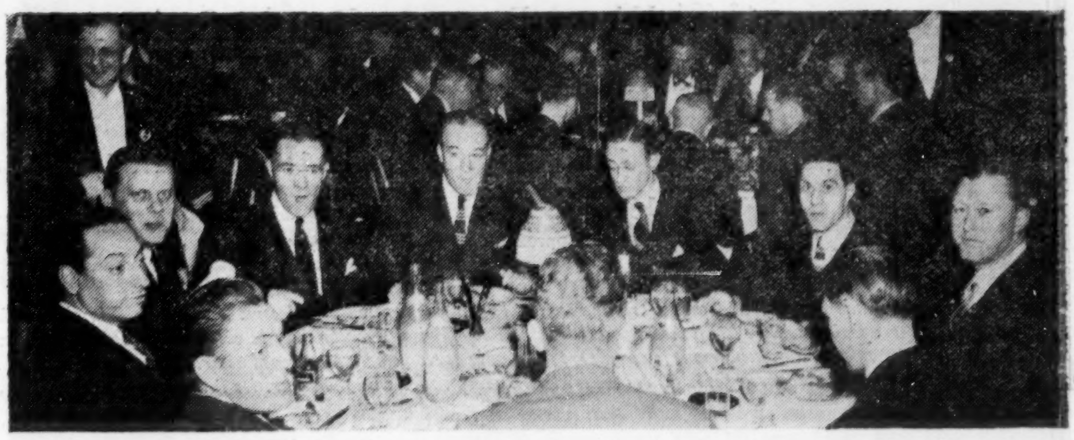
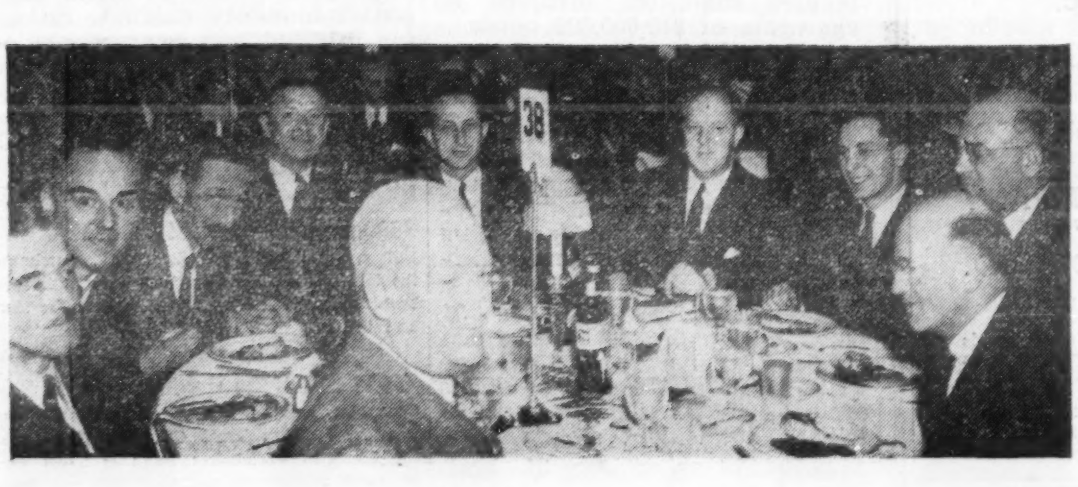
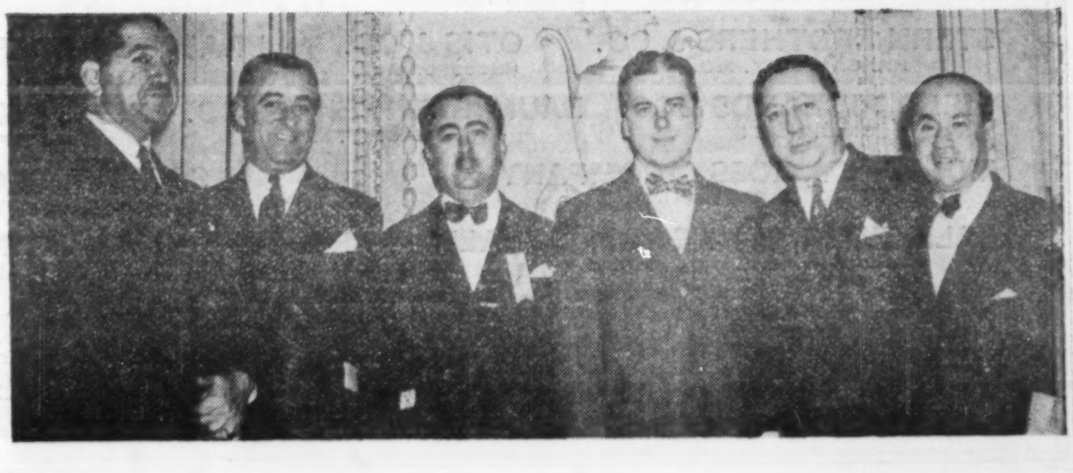
More Than Five Hundred Guests Attend







Municipal News & Notes

The calendar of forthcoming new offerings of important size, i.e. issues of $500,000 or more, is now of skimpy proportions. However, as we have previously noted, this tabulation is only partially indicative of the potential supply of business in the municipal field, in view of the fact that much of the activity originates via liquidation of substantial holdings by various institutions. On Tuesday of this week, for example, the Prudential Life Insurance Co. of Newark, which has been an important factor in such selling in recent months, disposed of another large block of bonds, consisting of $2,738,000 Kansas City, Mo., water revenue 1¾s. As mentioned elsewhere in these columns, the obligations were purchased by the Lazard Freres-Halsey Stuart group. Nor is this liquidation, incidentally, being confined wholly to this area. In this connection, it should be noted that the Bankers Life Company of Des Moines, is scheduled to receive bids on Feb. 17 on blocks of bonds of various cities aggregating $3,267,000. This institution has previously disposed of some of its municipal holdings. Accordingly, there is every reason to expect that secondary market operations will continue to reach the market in important volume, thus offsetting in substantial measure the brake imposed on new State and municipal borrowings because of war conditions. Refunding issues, of course, are already in prospect, although on a relatively small scale.

$2,738,000 Kansas City Water Bonds Marketed

A syndicate headed jointly by Lazard Freres & Co., and Halsey, Stuart & Co., Inc., is making public offering of $2,738,000 Kansas City, Mo., 1¾% series A water revenue bonds. Maturities from 1948 to 1956 are priced to yield 1.10% to 1.65%, and those from 1957 to 1961 are offered at prices of 101 to 100, to yield approximately 1.67% to 1.75% to maturity. The banking group purchased the bonds from the Prudential Life Insurance Co., Newark, via competitive bidding on Feb. 9. The successful bid was a price of 100.2097. An account headed by Harriman Ripley & Co., Inc., also competed at the sale, naming a price of 100.063.

Associated with Lazard Freres & C.o, and Halsey, Stuart & Co., Inc., in the offering group are Stern Brothers & Co., Kansas City; Otis & Co.; Inc.; Braun, Bosworth & Co.; Field, Richard & Co.; Baum, Bernheimer Co.; R. S. Dickson & Co., Inc.; Mullaney, Ross & Co.; Soden and Company; Callender, Burke & MacDonald, and Prescott, Wright, Snider Co.

Propose Public Sale Of Indiana Local Revenue Issues

A bill has been introduced in the General Assembly which would require cities to dispose of their revenue bond issues at competitive bidding, give public notice of intent to issue such securities and hold public hearings on such matters. Attempts to enact such legislation were defeated in 1939 and 1941. In connection with the present effort, an editorial in the Indianapolis "News" observed as follows:

"Ten years ago when the New Dealers wanted to match money with cities to provide made-work projects, they sent a bill out from Washington to the States setting up a plan of borrowing against receipts and issuing revenue bonds. The Indiana General Assembly adopted it because many cities were near the 2% debt limit and this would enable them to exceed it.

"Since that time, about $50,000,000 worth of these bonds have been sold to finance the purchase of utilities, to build sewage disposal plants, swimming pools and other properties. The bonds are sold without advertising the intent of city councils, without a public hearing, and without competitive bidding.

"Every recent Assembly has adopted an act validating these issues, a move which implied that they were questioned in responsible financial circles and only the blessing of the Assembly could raise them to respectability. Such a bill is now before the Assembly, and has passed the House."

Kentucky County Default Situation Clearing

Completion in December of two county road and bridge refunding operations that had been in progress over two years reduced to only four the number of counties remaining in default on their voted road and bridge bonds, as compared with 17 that were in default on June 30, 1940, it was stated in a recent monthly report of the Kentucky Department of Revenue. As a result of the debt adjustments effected in December, the interest rate on the Letcher County issue was reduced from 5 to 2½% and on the $108,000 Morgan County bonds from 5 to 4%. The counties still in default were listed as Livingston, Marshall, Perry and Trigg.

Mobile, Ala., Authorized To Issue Street Bonds

Authority of the city to issue bonds for improvements of streets which serve as extensions of the river terminal and to acquire and operate supplemental ferries was upheld recently by the State Supreme Court.

Affirming Mobile Circuit Court, the higher tribunal in a unanimous decision held that such bonds did not constitute a part of the city's constitutional debt, since the income from the tunnel tolls was earmarked for a specific purpose—the retirement of revenue bonds.

Proposed improvements, including enlargement of street approaches were held to be "integral parts" of the original tunnel project. The city had issued revenue bonds of $2,600,000 for financing its part of the underpass, and a proposal to issue $4,500,000 bonds to redeem the outstanding issue and finance approaches was approved by the Court.

Port Authority Tax-Exempt Suit Hearing Set For April

The United States Tax Court has set April 19 as the date for hearing of the test case involving the right of the Government to subject to Federal income tax the revenue derived from investments in obligations of the Port of New York Authority and the Triborough Bridge Authority. The outcome of these cases will have a profound effect on the question of the tax-exempt status of State and municipal bonds generally, as the Treasury has announced that in these suits they intend to test the constitutionality of the right of the Federal Government to tax all municipals.

Arkansas Revenues Adequate For Maturing Bond Requirements

F. A. Storey, Jr., Supervisor of the State Refunding Board, has stated that, despite losses occasioned by gasoline and tire rationing and other factors, revenues for the second "bond year" ending March 31, would be sufficient to yield the full $7,175,000 required for debt service on the State's highway bonds. Mr. Storey said that highway revenues for the nine months ended Dec. 31 last were just about 10.5% below the aggregate for the corresponding 1941 period. On Dec. 31, he continued, the State lacked only $227,997 of the total of $7,175,000 needed for debt service in the current "bond year."

Annual highway collections can decline 36.24% from the April 1, 1941-March 31, 1942 total and still yield the $7,175,000 required annually to pay interest on all obligations, maturing principal on serial bonds, and the call for redemption of $1,000,000 of term bonds. Annual collections also can decline 45.13% and still yield enough to pay all interest and maturing serial obligations. Mr. Storey said the State had $5,400,000 in its debt service "cushion" fund, which can be used to supplement highway revenues, in event annual allocations fall below $7,175,000.

The State's outstanding highway debt includes $31,000,000 of 3¼s of 1972 and $1,000,000 of these can be called on April 1. Serial bonds due at that time total $1,788,557 and April 1 and Oct. 1 interest requirements for the current year aggregate $4,340,429.

New York City Buys Bonds For Sinking Fund

City Comptroller Joseph D. McGoldrick purchased on Feb. 9 for account of various pension funds $3,905,000 of New York City bonds, of which $1,879,000 transit 3s of 1980 were acquired at prices up to 103.50; $1,720,000 higher coupons in the long-term category obtained at yields of 2.95% to 2.98%, and $306,000 bonds of intermediate maturity were purchased at yields of 2.85% or better. As in past instances, the Comptroller requested tenders from various houses, and the 27 tenders submitted involved an aggregate of $10,600,000 bonds.

Boston Debt Reduction Continued For Fifth Year

The city's total debt structure was bettered to the extent of $5,761,145 in 1942, this being the fifth consecutive period that a reduction was effected, according to a report by the Boston Municipal Research Bureau.

Total debt as of Dec. 31 amounted to $133,945,434, which consisted of net bonded debt of $118,747,309 and temporary loans of $15,198,125. This compared with a total debt structure of $139,706,579 as of Dec. 31, 1941. The latter figure was composed of net bonded debt of $124,079,290 and temporary loans of $15,627,288.

General bonded debt, including improvement, welfare and relief, funding, and civilian defense obligations, decreased $4,137,879 in 1942. Temporary loans were reduced by $429,163. Public service debt, represented by water, traffic tunnel, and rapid transit bonds, declined $1,194,103.

All individual items of debt, except tax anticipation notes and civilian defense bonds, showed decreases during the year. Tax anticipation notes outstanding increased $1,500,000, and civilian defense bonds outstanding rose $403,350. Largest decreases were shown in improvement bonds and tax title notes, which were reduced $3,806,729 and $1,929,163, respectively.

The bureau said that Boston in the last war retired more bonds than it issued, and added that this experience will repeat during this war. On the other hand, the bureau said, a reduction of the city's $11,000,000 "carry-over" in tax anticipation notes presented a different problem.

"Ideally this indebtedness should be paid off through the collection of delinquent taxes," the bureau said. "Actually tax abatements and refunds are eating into the city's assets, and chances of retiring all these notes from back taxes are doubtful. Insofar as possible, the city should avoid incurring further funded debt to clear away this accumulation of tax notes."

Michigan Sinking Fund Sales Recommended

State Treasurer D. Hale Brake is reported to have recommended to the State Administrative Board the sale of $3,241,000 bonds now held by the State Debt Sinking Fund, some of which are selling considerably below par, while others are valued at par or better. The sinking fund's total holdings is reported as $13,839,000, of which $4,161,000 are State highway bonds. Action on liquidation, reports say, has been delayed as a result of objections expressed by L. B. Reid, State Highway Commissioner. He is said to have disapproved of "unseemly" speed in liquidating bonds and to private sales of securities.

The final maturity of the State's bonded debt of $21,000,000 is payable in November, 1944, and cash in the sinking fund, coupled with scheduled gas tax income, will provide the balance needed to retire the outstanding debt, it was stated.

Florida Can Collect Tax On U. S. Gas Sales

State Attorney General Tom Watson has ruled that Florida can collect its 7 cents a gallon tax on gasoline sold by dealers within the State to the Federal Government. The decision is of extreme importance as such collection, according to report, would virtually offset the decrease in civilian gasoline consumption caused by rationing and would restore to normal the State's gasoline tax revenue of about $28,000,000 annually. Gasoline rationing resulted in a revenue decline of $7,493,602 in 1942 as compared with 1941 income.

Major Sales Scheduled

February 11

$600,000 Erie County, N. Y.

Halsey, Stuart & Co., New York, purchased the last previous issue, and an account headed by Lehman Bros., New York, tendered the next best bid.

February 16

$600,000 St. Louis, Mo.

Successful bidder for the last previous issue was the Bankers Trust Co., New York, and the Mercantile-Commerce Bank & Trust Co., St. Louis, jointly. Second high offer was made by J. P. Morgan & Co. Incorporated, New York.

$2,738,000

City of Kansas City, Missouri

1¾% Water Revenue Bonds, Series A

Due serially August 1, 1948 to 1961, inclusive

1948 to 1956 Priced to yield 1.10% to 1.65%

1957 to 1961 Prices 101 to 100

(to yield approximately 1.67% to 1.75% to maturity)

These bonds are offered, subject to our receipt. Legality approved by Messrs. Bowersock, Fizzell & Rhodes, whose opinion will be furnished upon delivery. The offering circular may be obtained in any State in which this announcement is circulated from only such of the undersigned as are registered dealers and are offering these securities in compliance with the securities law in such State.

LAZARD FRERES & CO.
HALSEY, STUART & CO. INC.

STERN BROTHERS & CO.
KANSAS CITY, MO.
OTIS & CO.
(INCORPORATED)
BRAUN, BOSWORTH & CO.
TOLEDO

FIELD, RICHARDS & CO.
CINCINNATI
BAUM, BERNHEIMER CO.
KANSAS CITY, MO.
R. S. DICKSON & CO.
INCORPORATED

MULLANEY, ROSS & COMPANY
CHICAGO
SODEN AND COMPANY
KANSAS CITY, MO.

CALLENDER, BURKE & MACDONALD
KANSAS CITY, MO.
PRESCOTT, WRIGHT, SNIDER CO.
KANSAS CITY, MO.

Dated August 1, 1941. Principal and semi-annual interest, February 1 and August 1, payable in Kansas City, Mo. Coupon bonds in the denomination of $1,000 each, registerable as to principal only. Bonds maturing on and after August 1, 1957, are callable upon 30 days' notice in inverse numerical order at 102 on August 1, 1946, or any interest payment date thereafter to and including February 1, 1951, and at 101 on August 1, 1951, or any interest payment date thereafter. Bonds maturing prior to 1957, are not callable. The information contained herein has been carefully compiled from sources considered reliable, and while not guaranteed as to completeness or accuracy, we believe it to be correct as of this date.

February 10, 1943.

UP-TOWN AFTER 3

By BILL SMITH

THEATRE—

"Counterattack," drama by Janet & Philip Stevenson, based on a Russian original play, "Podyeda," by Vershinin and Ruderman. Produced by Lee Sabinson, at the Windsor Theatre, New York. Cast includes Morris Carnovsky, Sam Wanamaker, Barbara O'Neil, Martin Wolfson, Rudolph Anders, John Ireland, and others. Directed by Margaret Webster. Sets by John Root. (Reviewed Feb. 4, 1943). . . . Here is a play that will tell you more in the short space of two hours what the Red Army and the Russian people have that enabled it to break the force of the Nazi army and change defense into all out attack than all the stories you can read. In a tense nail-biting story, "Counterattack" takes you to a Russian town which has just been successfully attacked by the Soviet forces. So sudden is the attack that a small detachment of Nazi troops commanded by a Captain finds itself trapped in the cellar of a four-story house. Two Red Army men, one a simple farmer and the other a miner in civil life, are assigned to guard the Germans (including a German nurse) and to discover if they can who the officer is. The officer, dressed in private's uniform, refuses to divulge his identity and the men, including a member of the Gestapo, afraid of the consequences pretend ignorance of the officer's identity. While questioning the captured party a shell hits the upper stories of the building sealing up the only exit from the cellar. From then on it's a tingling story of how long the two Soviet soldiers will hold out against the eight men. Their problem becomes further intensified when one of the Red Army men is wounded leaving the miner to stand guard. Noises of the battle passing overhead with the Germans boasting that it's their side which has reconquered and the Russians equally certain it is their side that will effect the rescue keeps the audience on the edge of the chairs. For three days and three nights with the air getting fouler, no water, no food, the Germans constantly trying to overcome the single guard, who is staggering from lack of sleep, the party is entombed before a rescue party arrives. The cast turns in a magnificent performance. Morris Carnovsky, as Corporal Kukov, half delirious and dog tired from lack of sleep, is first rate. Sam Wanamaker, as the farm boy, anxious to obey all orders, maybe even be a hero, is simple in his naivete. Margaret Webster's direction of a drama of two conflicting forces never loses its interest.

Put "Counterattack" down as a play to see when you come to New York.

THE SCREEN

Only two movies of note are scheduled to open in New York this week. The first is Walt Disney's technicolor cartoon, **"Saludos, Amigos"** and the second is **"Siege of Leningrad."** "Saludos, Amigos" has already been reviewed in this column due to an error in release dates. But if you haven't seen the review you'll be interested to learn that in this latest feature length Disney takes you through a tour of South American countries with the famous Disney characters playing the role of American tourists. The result is uproariously funny.

"Siege of Leningrad," an Artkino release, was brought here by Wendell Willkie who received it from Joseph Stalin. Advance publicity claims it as a powerful documentary of the three million inhabitants who held off the Nazis for 15 months. The review will appear here next week.

AROUND NEW YORK TOWN

Sunday nights in New York night life have always been a problem. People who can drink a joint dry six nights a week suddenly become homebodies when it comes Sunday night. So **Dick** (Boy-Am-I-Tired!) **Nesbitt**, who is now running the **E. 54th St. Monte Carlo**, has come up with a new idea. Each Sunday night the ladies with the wackiest hats are asked to stand up. The one who gets the most applause gets two pairs of nylon stockings on the house. Then to make it more interesting there is a game of musical chairs—for the ladies and their escorts who pay the checks. The winners also get two pairs of nylon hose. To help out in the free-for-all that develops Nesbitt has taken on Ernest Brooks who with flashlight and camera stands by and clicks his graflex so posterity can see and marvel how polite ladies and gentlemen rip each others' clothes in order to get a pair of nylons in this year 1943. . . . **Cornelia Otis Skinner** tells how she always had trouble in describing her work to the press. For a while she hit on the French descriptive "diseuse." Everything seemed to go along smoothly until a Scotch newspaper reported "Cornelia Otis Skinner, an American DISEASE, gave a performance here last night." . . . **The Greenwich Village Inn** proudly announces that it has a new addition to its show—a certified public accountant who will help people around and under tables to make out their income tax. Nothing is said about whether the assistance will be available before or after the check is paid.

Now Major Harry Brawn

Harry E. Brawn, Jr., formerly with Donohue & Sullivan, Boston, Mass., is now a Major in the U. S. Army and is stationed at Fort Warren, Boston Harbor.

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The Municipal Market During World War II

The Bankers Bond Co., Inc., Kentucky Home Life Building, Louisville, Ky., has prepared an interesting memorandum tabulating the average yield of 20 bonds as affected by developments of World War II. Also contained in the memorandum is a reprint of an editorial, "Who's Doing the Inflating?" that appeared in the Chicago "Tribune." Copies of this memorandum may be obtained from the Bankers Bond Co. upon request.

Flys 500 Miles To Dinner

Harry Shaer, trader of Hart Smith & Co., Ltd., Montreal, Canada, flew 500 miles to attend the New York Security Dealers Association's 17th annual dinner at the Waldorf-Astoria. Harry claims that he thinks this is the record distance for one to fly for a chicken—dinner.

Tomorrow's Markets Walter Whyte Says——

(Continued from page 565)

characteristic is still present. The burst of brilliance with volume and rapidly moving prices is still ahead of us. My guess is that you will see this before this month is over. The steels and utilities (neglected so long) will probably be in the forefront.

* * *

This doesn't mean that all stops given here last week can now be relegated to the limbo of the past. Making money in the market is never that simple. But it does mean that so long as the market manages to stay above each succeeding day's lows the wet blanket of lower prices can be hung out on the line to dry.

* * *

But as the chances for further rally increase so should stops themselves be moved up. For example: Air Reduction's stop should now be 39. Goodyear's should be raised to 25½. International Harvester's stop is now 57. And Superheater's now 14½.

* * *

For those in a position to watch the market closely U. S. Steel and Bethlehem might be bought here. The former at 50 or better with a stop at 48½; the latter at 58 or better with a stop at 57. In no case, however, should any of the above stops be overlooked.

More next Thursday.

—Walter Whyte

[*The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.*]

Result Of Treasury Bill Offering

The Treasury Department announced on Feb. 8 that tenders for $700,000,000 of 91-day Treasury bills to be dated Feb. 10 and to mature May 12, 1943, which were offered on Feb. 5, 1943, were opened at the Federal Reserve banks on Feb. 8.

Details of the issue follow:

Total applied for, $1,041,767,000.

Total accepted, $704,732,000.

Range of accepted bids:

High, 99.940; equivalent rate of discount approximately 0.237% per annum.

Low, 99.905; equivalent rate of discount approximately 0.376% per annum.

Average price, 99.906; equivalent rate of discount approximately 0.372% per annum. (54% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Feb. 10 in amount of $501,485,000.

Raymond Wilson Joins Longan, Dunn & Philleo

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Raymond E. Wilson has become associated with Longan, Dunn & Philleo, 621 South Spring St., members of the Los Angeles Stock Exchange. Mr. Wilson was formerly with the California Bank in charge of the municipal department.

"Reserve Tonight for a Royal treat!"

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ROYAL RESERVE
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SCHENLEY ROYAL RESERVE, 60% GRAIN NEUTRAL SPIRITS. BLENDED WHISKEY, 86 PROOF. SCHENLEY DISTILLERS CORP., N.Y.C.

The Securities Salesman's Corner

Some Conversational Tools A Salesman Found Helpful In Procuring Lists of Holdings

It is not how much you say, but how you say it, that sets up in your listener's mind the sort of reaction that brings about a desired response. There are natural resistance factors that all of us are possessed with—they are put there as a safeguard against imprudent action. Without this desire to protect ourselves this world would be in a constant state of bedlam even greater than is its usual condition of disorder and conflict.

Now a man's investments are considered a pretty personal and private matter. People do not naturally like to answer questions regarding their investment holdings. You can't go up to a man and say, "What do you own—give me your list!" That sort of an approach is just too blunt. You have to lead up to this point—you have to get a point of interest aroused—you have to show **How He Can Benefit** by disclosing this very personal matter to you. Again, none of us likes to admit a mistake though we all make them. For this reason you must carry your interview along to the point where you can tactfully bring up the subject of an analytical review without causing this "natural resistance" to flare up and obstruct the very purpose you wish to achieve. Every salesman will know "when"—in fact this word of caution is so academic it needs no further elaboration here.

Our successful salesman (whom we told you about last week) uses this approach. "You are aware, Mr. Jones, that a bond doesn't default the day you go to the bank and are told that there is no money on hand to pay the interest. Securities that do deteriorate in value usually start to go downward several years before the default occurs. Some companies go forward—others backward. It's this way with almost everything in life. Now what I'd like to try and do is to put some of these things which don't pay you well any more under the magnifying glass and just see if we can find out how they are getting along, and whether or not they may hold possibilities of bringing them back to life again. You know when you bought them they were over here in your 'A list,' paying you good interest and dividends—that's the place they should be today. Possibly we can't bring them all back to where they were, but at any rate it is possible that some suggestions can be made to put some of them into a position where some of your depreciated principal can be once more built up to a point where you are getting some income from them again. **You would like to see these holdings paying you interest once again, wouldn't you?"**

Notice the question "you would like to see these holdings paying you interest once again." It builds up a chain of happy memories—it is a positive question because it motivates along the lines which bring about the desirable sort of action. Any one who holds securities that once were regular sources of income remembers that time with pleasure—it is an **entirely different trend of thought than is brought about by thinking about where these same securities are today.**

If the customer desires reports on the securities that are sound or wishes to discuss his cash on hand, this salesman politely sticks to his guns. "Your sound securities and your cash, Mr. Jones, are also important, but right now the thing I would like to do is to help you get some information regarding the things that are not paying. I'd like to ask you another question, if you don't mind. After you bought these securities didn't the salesman who sold them to you come back and tell you about them—or your bank—or didn't you ask some one you thought might know about them such as your lawyer or your securities dealer?" The answer is naturally in the negative. The purpose of this question is to forestall in advance the inclination to say to the salesman, when he returns with the completed analysis, that some one else should be consulted by the prospect.

This salesman believes that the less he talks about technical factors, income accounts, balance sheets, etc., the better results he will achieve. He knows that the things his prospect is interested in hearing about are "income to live on," "security of his funds" and a "possibility of making some money." Fundamental—of course these things are—they don't change—neither does selling. Common sense, work, and a little luck are all that anyone needs to make a success of this job, and if you apply the first two, the third, "lady luck," will also be on hand to help you do your job.

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CANADIAN SECURITIES

Editor's Note: With this issue of the "Chronicle" we are inaugurating a regular weekly column devoted to Canadian securities. In addition to discussing pertinent features of individual issues, we shall attempt to cover general developments in the field. Particular attention will be given to developments affecting American holders of Canadian securities. Inquiries and suggestions from our readers are invited.

Americans are gun-shy of "foreign" securites. They got that way during the Big Depression—and when one remembers what has happened to some $8 billions par value of foreign dollar bonds, they can hardly be blamed for their attitude.

Generally speaking, all foreign securities partake of the economic and political hazards common to the country or locality of their issue. Foreign government, state and municipal securities can often be appraised solely on this basis. The securities of private corporations in foreign countries partake of the additional hazards inherent in the businesses they represent. When these hazards are considered in the light of recent world history there can be little wonder why a large percentage of American investors have found it expedient to "stick to their own back yard."

However, the stigma attaching to foreign securities generally is not appropriate to the Canadian field. There are sound and obvious reasons why this is true. Canada has the parliamentary form of government and the political integrity of her people is second to none. Economically speaking, Canada is a "coming" nation. To her vast resources of agriculture and raw materials she is rapidly adding the modern industrial plant necessary for converting this natural wealth into consumers goods.

While this development has been arrested temporarily by the war, the prospects are bright for its acceleration on return of peace. And, finally, the record of Canadian securities reveals a pattern not unlike, and in some respects superior to, our own. Canadian government, provincial and municipal bonds, which still comprise the largest class of Canadian securities available to investors, range in quality from highest grade to "defaults"—a counterpart of the situation in this country. Canadian industrial securities, although still limited in breadth of selection, cover the same quality range. And for growth possibilities the field affords a high quota of attractive situations.

In this connection, the present 10% discount officially set for the Canadian dollar in exchange for our dollar affords a further attraction for American investors in Canadian equity securities. We have yet to meet a qualified observer who does not believe that the Canadian dollar will return to parity with our dollar some time in the not too distant future. Inas much as Canadian equity securities generally sell in this country at prices which reflect this discount, return of the Canadian dollar to parity should tend to enhance their market value in this country by approximately 10%.

There is, of course, the 15% withholding tax levied by the Canadian Government on dividends paid to foreign holders of Canadian securities. However, this factor is also normally reflected in the American price of the securities so that the net yield to the investor is approximately the same on both sides of the border. The possibility of this tax being increased, as we see it, is small. Our own Government levies a similar tax against dividends of domestic corporations paid to Canadian holders. Since the flow of dividends northward is greater than in the opposite direction, it is clearly in the interest of the Canadian Government not to increase this tax. Our Government has evidenced its attitude on this point by fixing the withholding tax on dividends paid to Canadians at the same rate as that charged by Canada—which rate is substantially lower than that levied against other foreign holders of Americn securities.

Security Dealers Now Have Increased Duties To Investors Says H. G. Riter Of NASD

(Continued from first page)

"I would not abuse the generosity of my hosts, the members of the New York Security Dealers Association, nor the intelligence of that group and its guests assembled here, by posing as an expert on NASD—its past, present or future as applied to the scene **nationally.** Frankly, I am not equipped to do so after but three weeks in the office of Chairman.

"On the other hand, I have just completed a three-year term as a member of the New York District Committee of the NASD, two as Chairman of that Committee. Because of my service on that Committee, I am not uninformed as to basic problems and activities of NASD. because, with other members of the Committee, for this, the largest NASD district, I have had a real opportunity to become acquainted with the philosophy and functioning of self-regulation as represented by NASD. With your indulgence, therefore, what I have to say will be based upon what I have learned and observed in my work in this district.

"Before undertaking to get over the hurdle of my assignment, I should like to pay my respects to all of the members of the New York Security Dealers Association. its officers, and, particularly, Frank Dunne for the very fine spade work they did in preparing the foundations upon which what we call self-regulation rests today. New York security dealers were among the first to organize as a unit for the purpose of fostering a sharp consciousness of financial and commercial responsibility among those engaged in over-the-counter securities activities.

"Your Association in its years of service to members and investors demonstrated that there was a great opportunity for an organization devoted to a much wider sphere and established without question that the field was there in which such an instrument could serve.

"As to the subject matter of my assignment—"Benefits to the Public and the Securities Industry Through Self-Regulation"—I do not believe anyone can address himself adequately to the whole of that title within the limits of time properly allotted to me here tonight. One thought occurs to me about the title mentioned: NASD is commonly believed to be a **self**-regulating instrument but, in truth, that statement must be qualified. Actually, NASD is the form through which the securities business seeks to do its part of a job of **'cooperative** self-regulation.' That is somewhat different from 'self-regulation.' Under the latter, it is presumed each and every function would be self-propelled, each and every decision made would be without benefit of unsolicited guiding from a second party. We don't have that in NASD. The Securities and Exchange Commission is entrusted with great powers of supervision over policies and conduct of NASD. They literally have the power of veto and of corrective authority over any course of action pursued to which they take exception.

"I mention this because I think it is important that we not confuse the position in our own minds. NASD has been misunderstood by some in our business for the simple reason that they did not appreciate the distinction I have drawn. It is an important distinction. Please do not mistake my words as a veiled criticism of the SEC. The Commission, while more appreciative of the distinction drawn than some of our members, has shown no desire to impose its will upon the Association. It has not stood over us with a whip. The Commission has, in a few instances, disagreed with the Association's interpretation of its authority under the statute. One such disagreement is fresh in our minds. I have reference to NASD's proposed rule establishing minimum capital requirements for members of the Association. The rule was adopted by vote of the membership last July but a number of members of the New York Security Dealers Association and two spokesmen for unorganized minority groups took exception to the proposal. After a hearing on the matter, the Commission refused us authority to put the rule into effect. But our family differences were honest ones in this situation and, further, we appreciate that the Commission is discharging very serious responsibilities to the public under the statute to the very best of its ability. I am sure, and so are you, I know, that the Commission intends to continue to do its utmost in applying the law as it understands it.

"But in the largest sense, the Commission has left us to do our job and has encouraged us at every opportunity. We are grateful and look forward to continued relations on that basis.

"I think it would be academic to discuss here the public benefits which derive from the type of regulation we have been developing for our business. To the degree that we succeed, public benefit accrues in exact proportion. At our last NASD Board meeting, Wallace Fulton, the Executive Director, reported that during the last two and one-half years the Association expelled 61 members. Expulsion from NASD is a severe disciplinary act on the part of our business conduct committees. It is not decided except for good and sufficient cause, you may rest assured. Its effect is to close up the shop. Need there be any question as to the public benefit that resulted from the elimination of these people from the securities business? You may say that, after all, they were only kicked out of NASD and what's to prevent them from going right ahead doing the same things outside NASD? Well, unless they are the kind of people who recognize no law at all, that will be a lot more difficult than may be apparent. Many of the States still have license laws—and you better register with the SEC if you are going to use the mails. I was told of several examples of the influence of NASD disciplinary actions on those affected. In one, a man wanted to take out a license in a certain State only to find that a prerequisite was a clean bill of health from NASD. In another, a member who was expelled was prevented from becoming associated with a member of a stock exchange, after the institution had been apprized of the expulsion action. In still another case, an appeal was made to require NASD to admit an applicant to membership whom the Association would not voluntarily admit.

"To my mind there is no difference between the benefits to the public and to the securities industry from cooperative self-regulation. Such rules as that requiring that members sell securities at prices which are fair, taking into consideration all relevant circumstances; our rule prohibiting use of manipulative and fraudulent devices; another clearly fixing responsibility of members for acts of salesmen and, of course, the corner-stone of them all—the rule which says that members shall conduct their business on high standards of commercial honor and just and equitable principles of trade — these and every other rule of the Association mean fair treatment to the public investor. Benefits flow to the investor from other activities of the Association also, notably through the more orderly conduct of over-the-counter trading under the provisions of the Uniform Practice Code. Before NASD perfected the Uniform Practice Code, the over-the-counter business was without benefit of well-defined articles of procedure for meeting a wealth of problems native to that business. The Uniform Practice Code spelled out very carefully sound and reasonable processes and the smoothness with which transactions are consummated today under its provisions is of direct advantage to the investor.

"I am deeply interested in the

LET THE FLAME
OF FAITH
BURN BRIGHTLY

In history 'Finis' can never be set at the end of the page nor at the close of a year. The end of one chapter tells the beginning of another, the close of the old year the opening of a new. Standing within the threshold of 1943, the challenge is of the ages, a call for courage amid toil and trial and sacrifice. We look back upon a year of cloud and pain, hallowed by the death of heroes. Their valor is ransom for our future, and has opened for us the vista of triumph now stretching ahead. Let us not lose what they have bought. As we press on to victory, let the flame of our faith burn brightly. With gratitude for the past, with courage for the present, with faith for the future, let us reconsecrate ourselves to our task . . . to the end that torment may be lifted from men's hearts and peace come for all nations and peoples.

From the 72nd Annual Report of the
Sun Life Assurance Company of Canada.

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benefits that flow for our business—yours and mine—from effective NASD regulation. To measure properly the character of these benefits I think it is well if we keep in mind the reasons why we are doing this job. That there was a need for it and a demand that it be undertaken, no informed person in our business doubted nearly a decade ago when the first steps were taken.

"Five or six years of hard work produced the law which gave the effort its legal status. Incidentally, the fact that NASD was established, and operates, under an Act of Congress is sometimes lost sight of, but not, I am happy to say, by those who are trying their earnest best to meet the responsibility which our business voluntarily assumed for itself. These men are fully mindful of what is at stake. The responsibilities they willingly assume are constant tests of their adaptability and their judicial capacity.

"It has been said that NASD gave the securities business a mirror in which to examine itself. Some of the things our business has observed with the aid of that mirror have not been comforting. Even if there were no authority in law for us to remove the blemishes, I think our business would be cleaning them up anyway. It seems obvious that that is to be preferred over someone else's doing it for us. We do the job in our own self-interest and with full appreciation for the privacy afforded us. The pride we have in our business is not diminished by a knowledge that a small segment of it abuses positions of trust and responsibility. In fact, the knowledge of how small that segment is affords justification for our pride.

"We, in the securities business, must look upon our self-regulating activities as an investment in the continuing health of that business and as insurance of its future. The code of ethics which guides our efforts is not a static thing. Even before your Association or the Investment Bankers Association developed and enunciated ethical principles for respective members and even before they were drafted by the Investment Bankers Code Committee under the NRA, the ethical standards of our business were well established and recognized. The code formalized them, NASD adopted them as its creed, and they are now a guide of record. But this is not the end, merely the beginning. We are constantly improving both the letter and the spirit of the standards of commercial honor and just and equitable principles of trade in our business. It now seems within our grasp to place those standards on a high professional plane. It would be a serious mistake for us to entrust that opportunity to someone else. In my judgment, it should be our purpose to preempt for ourselves as much regulatory power as it is within our capacity to handle. In this, there is no intent to usurp authority that is entrusted to State and Federal agencies whose duties and obligations, under the various regulatory laws, are in a category different from that field in which NASD operates.

"We are daily being reminded of a new and immense responsibility that is developing as a part of the war program—developing just as rapidly and with just as much force in scope and breadth as is our production of the implements of war. I refer to the new army of investors which the Government's financing program has produced. Its ranks are being expanded every day—in some part because of the unselfish contributions that are being made by the securities business. Our satisfaction with the importance of that contribution to the successful prosecution of the war is soundly justified but let us not neglect to recognize that this same army of investors will present a different kind of responsibility in the years that lie ahead than we are discharging in winning thousands to its ranks. Many thousands of people who never before owned a bond or a share of stock are now capitalists in the truest sense of the word. The securities industry should be the first to concern itself with ways and means of safeguarding this national resource of capital. It may be axiomatic that 'the fool and his money are soon parted' and that no law can ever erase that truth. On the other hand, the securities business, in its own self-interest, should see to it that if and when public losses are sustained again that business will not serve as the scapegoat.

"The NASD affords us the means of accomplishing that end. It should not be a negative force. I believe it would be dangerous for our business to be persuaded that it could relax and let the trend of events solve our problems for us.

"Gentlemen, it is vitally important for us to work together. We must do everything possible to avoid jealousies and antagonisms between, for instance, New York and other sections of the country; between the over-the-counter industry and the stock exchange; between retailers and underwriters. There are bound to be differences of opinion but they must not be allowed to be serious or bitter. Of course, these statements are all truisms and being human we cannot be perfect. But at least we can try.

"The NASD is your organization—yours and mine. It is not ruled by any clique. The Board of Governors and the District Committees are all cross-sections of every department of the business. I have gained a great deal in my contacts over the past three years with those who have served on the New York Committees—underwriters, retailers, members of trading firms and those doing an entirely over-the-counter business—many performing several of these functions. I find the same type of men on the national Board. It is an honor and an opportunity to work with such fellows.

"Gentlemen, the NASD is not a cure-all but it offers a grand opportunity to every one in this business to work together on our mutual problems to raise the standards of our business and as a result to do a better job of serving the public."

TIME TO HEDGE

Replacing a valued partner takes time and costs money. Other problems, too, must be coped with—the demands of the deceased partner's heirs often being the most difficult to solve.

Hedging now, while there is yet time, may prove suddenly to be the wisest decision your partnership ever made.

Hedging, through the Massachusetts Mutual partnership protection plan, enables you to build an annually increasing cash reserve while guarding against the ravages of time and circumstance.

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Calendar of New Security Flotations

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930(b).

Offerings will rarely be made before the day following.

TUESDAY, FEB. 16

BELMONT BUILDING CORPORATION

Frazer Arnold, Charles J. Young and James J. Kelly (as the successor to Barnet L. Rosset, resigned) as voting trustees under trust agreement dated as of Jan. 25, 1933, have filed a registration statement with the SEC for voting trust certificates representing a maximum of 2,940 shares of no par value common stock of the Belmont Building Corp.

Address—Of trustees Suite 315, 11 South La Salle Street, Chicago. Statutory address of the corporation c/o Ewing, Arnold & Weinberger, First National Bank Building, Denver, Colorado

Business — Owns Belmont Apartments, located at 1060 Sherman Street, Denver

Purpose—To extend voting trust agreement. Certificates are already outstanding in the hands of registered holders and it is proposed solely to extend the trust for five years from Jan. 24, 1943

Registration Statement No. 2-5085. Form F-1. (1-28-43)

WEDNESDAY, FEB. 17

GOSS PRINTING PRESS CO.

Goss Printing Press Co. has filed a registration statement with the SEC consisting of participations in the Goss Printing Press Employes' Profit Sharing Trust. Number of certificates for which statement is filed is stated to be uncertain. All participations on a permament contributory basis begin with the second eligibility date during the second year of the trust

Address—1535 South Pauline Street, Chicago, Ill.

Business—Employes' profit sharing trust

Underwriting — Sponsor Goss Printing Press Co.

Offering—Date of proposed offering Feb. 15, 1943. The trust becomes contributory on the first of the month next succeeding the effective date of registration with the SEC (designated the second eligibility date), but Section 3 of Article 111 of the trust requires an offering to eligible employes 15 days prior to an eligibility date. Estimated amount of employes contributions to trust from March 1, 1943, to Oct. 31, 1948, is $250,000

Purpose—Goss Printing Press Co. states it "desires to reward the loyal, faithful and efficient services of eligible employes, to stimulate in them a keener interest in the successful operation of the company, and to encourage a spirit of economy and thrift, by distributing among such employes a portion of the company's net earnings remaining after a reasonable return on its invested capital"

Registration Statement No. 2-5086. Form C-1. (1-29-43)

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., has filed a registration statement for 30,000 shares of a trust designated as Keystone Custodian Fund, Series "B-1"

Address—50 Congress St., Boston, Mass.

Business—Investment trust

Underwriter—Keystone Custodian Funds, Inc., is named as sponsor

Offering—Within two weeks after effective date of registration statement. At market

Proceeds—For investment

Registration Statement No. 2-5087. Form C-1. (1-29-43)

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., has filed a registration statement with the SEC for 65,000 shares of a trust designated as Keystone Custodian Fund, Series "B-2"

Address—50 Congress St., Boston, Mass.

Business—Investment trust

Underwriter—Keystone Custodian Funds, Inc., is named as sponsor

Offering—Within two weeks after effective date of registration statement. At market

Proceeds—For investment

Registration Statement No. 2-5088. Form C-1. (1-29-43)

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., has filed a registration statement for 200,000 shares of a trust to be designated as Keystone Custodian Fund, Series "S-2"

Address—50 Congress St., Boston, Mass.

Business—Investment trust

Underwriter—Keystone Custodian Funds, Inc., is named as sponsor

Offering—Within two weeks after effective date of registration statement. At market

Proceeds—For investment

Registration Statement No. 2-5089. Form C-1. (1-29-43)

TUESDAY, FEB. 23

COMMODORE APARTMENT HOTEL, INC.

Barnet L. Rosset, Charles J. Young and Louis J. Borinstein, as trustees under a certain trust agreement dated as of March 15, 1933, have filed a statement with the SEC for voting trust certificates representing a maximum of 4,327 shares of common stock, par value $50 per share, for the Commodore Apartment Hotel, Inc.

Address—Address of trustees Suite 315, 11 South La Salle Street, Chicago. Commodore Apartment Hotel, Inc., located at 3440 Grand Avenue, Des Moines, Iowa.

Business—Apartment hotel.

Offering—On or about Feb. 15, 1943. Certificates are already outstanding in the hands of registered holders, and it is proposed to extend the trust for five years from March 15, 1943, with certain amendments in agreement

Registration Statement No. 2-5090. Form F-1 (2-4-43)

(This list is incomplete this week)

Life Insurance Growth Noteworthy Development Of This Century, Says Wood Of Sun Life

Sun Life of Canada assets passed the billion dollar mark in 1942 and now stand at $1,046,962,000. The volume of new business in the same period was increased over the previous year, and amounted to over $200,000,000. These figures were released Feb. 9 by Arthur B. Wood, President and Managing Director who, in his address to policyholders, further stated that the company had increased its Government bond holdings by $73 million, bringing the total investment in bonds of the United Nations to $290 million. The growth of life assurance, said Mr. Wood, was one of the noteworthy social developments of the present century. It is essentially the people's business for every policyholder is, in effect, a partner in the business. The great majority of the entire population of North America have a financial interest in the institution of life assurance either as policyholders or beneficiaries, and, day by day, benefits flow out in constant stream carrying relief and assistance in time of distress and need. Life assurance is a form of social insurance which, for generations has proved its worth and stability. Whatever steps are taken to promote national measures for the security of the individual in the future, the institution of life assurance will continue in good times and bad to perform the great public service made possible only by the sound partnership principles on which it is founded.

The total assurance in force of the Sun Life of Canada now amounts to $3,044,000,000. Payments to policyholders during the year represented an average daily disbursement of over a quarter of a million dollars each working day, or over $77½ million, bringing the total benefits distributed since organization to well over $1½ billion.

Mr. Wood revealed that mortality was smaller than might be expected and was among the lowest in the last ten years. The favorable experience among policyholders as a whole was more than sufficient to offset the extra claims due to the war. Incidentally war claims to date are 2.8% of total death claims. This is very low, for in normal times claims from accidental deaths alone are about 9%. He added a note of caution, however, by reminding the policyholders that the first three years of war had been largely a period of preparation and mobilization and heavier claims must be anticipated as the war develops. The problem of manpower in relation to life assurance operations was also discussed by Mr. Wood, and he stated that in this matter the life companies were giving the utmost cooperation to their respective governments. A searching study is being made by the companies individually and collectively, with the aim of eliminating all non-essential operations and reducing the work to the minimum needs of the business.

In closing Mr. Wood emphasized how life insurance curbs the dangers of inflation, thereby assisting the Government in the necessary task of limiting non-essential buying.

Among other important items appearing in the Sun Life 72nd Annual Report are: Premium Income $106,700,000; Investment Income $36,500,000; Total Receipts from all Sources $168,800,000; Dividends Paid to Policyholders $10,600,000; Paid in Taxes during the year $2,500,000; Surplus and Contingency Reserves $34,600,000. Government and other bonds now make up 62% of the total assets of the company.

The broad diversification of the assets which now stand at over a billion dollars is disclosed by the following classification showing the percentage of total assets under each heading. Government Bonds 31.6%, Municipal Bonds 4.7%, Industrial Bonds 4.5%, Railroad Bonds 2.7%, Public Utility Bonds 18.4%, Preferred and Guaranteed Stocks 1.4%, Common Stocks of Industrial and Financial Corporations 9.6%, Common Stocks of Public Utilities 8.6%, Mortgages 4.8%, Real Estate 2%, Policy Loan 7.3%, Cash 1.4%, Other Assets 3%.

Natl. War Service Bill Proposed In Congress

A "National War Service Act of 1943," providing for a system of civilian war service with the aid of the Selective Service System, was introduced simultaneously in both Houses of Congress on Feb. 8 by Senator Austin (Rep., Vt.) and Representative Wadsworth (Rep., N. Y.)

The bill would make all men from 18 to 65 and all women from 18 to 50 subject to compulsory assignment in war industries and agriculture and in other essential occupations whenever the President determines that additional workers are needed. A call for volunteer workers would first be issued by the President and if this failed to produce the required numbers the draft boards would then act. Men or women civilians thus chosen for war work "shall be liable to contribute by personal service to the war effort in a non-combatant capacity, according to his or her abilities," the bill stated.

The bill further said that the President "shall also specify the quotas to be supplied, the qualifications desired in the persons to be selected, and, so far as practicable, the places to which the persons selected will be assigned."

The bill's declaration of policy and intent of Congress declares that "in view of the critical nature of the present war and in justice to those in the armed forces of the United States, it is necessary to provide further for the comprehensive, orderly, and effective mobilization of the manpower and womanpower of the nation in support of the war effort."

The general principle governing such mobilization, the bill states, is that "an obligation rests upon every person . . . to render such personal service in aid of the war as he or she may be deemed best fitted to perform." The bill further states that "there is no intention by this Act to modify, reaffirm, or otherwise affect existing laws relating to maximum hours, minimum wages, overtime pay, or collective bargaining, or relating to mediation, arbitration or other procedures for the settlement of any labor controversies or questions, the intention being that if and when any such subjects are dealt with by the Congress this shall be done by other legislation."

Among persons exempted from selective service war work would be women caring for children, aged persons or ill persons, any woman during pregnancy, and employees of States or political subdivisions unless the Governor consents in writing to service under the bill.

Drafted workers would receive the regular pay and working hours for the job involved and would be guaranteed restoration to their old job after the war wherever possible.

In a brief summary of the proposed legislation, Senator Austin told the Senate on Feb. 8:

"The national war service bill introduced today in the House of Representatives by Representative Wadsworth and in the Senate by me, expresses the will of the people as we perceive it. It establishes equality of liability before the law in civilian supply of our military needs. It affords the means of coordinating overall and local war plans, maintaining balance between armed men and workers, between competing claimants for men and women in agriculture, mining and manufacturing. It represents government by consent of the governed. By it the people, through their Representatives, provide that if any mobile person refuses to perform his obligation, either through the voluntary or the selection method, punishment by due process of law is possible. If enacted it would be the people's instrumentality for complete, effective mobilization of manpower and womanpower in winning the war.

"The voluntary system would continue in effect so long as the people keep it doing the job. The possibility of the President putting into operation the selective system is the guarantee of vitality of total war resources. Civilian morale, health, and welfare are safeguarded.

"The bill protects the sanctity of the home, the family, and the economic and social interests of employees. It affords opportunity for education in and stepping-up of skills. It makes possible an earlier attainment of victory. After the war it would help readjustment."

48 Hour Minimum Work Week Rule

(Continued from page 564)

thereby release manpower for the armed forces, for war industry and for the farms."

The President's executive order follows:

EXECUTIVE ORDER

Establishing a minimum war-time work week of 48 hours.

By virtue of the authority vested in me by the Constitution and statutes, as President of the United States, and in order to meet the manpower requirements or our armed forces and our expanding war production program by a fuller utilization of our available manpower, it is hereby ordered:

1. For the duration of the war, no plant, factory or other place of employment shall be deemed to be making the most effective utilization of its manpower if the minimum work week therein is less than 48 hours per week.

2. All departments and agencies of the Federal Government shall require their contractors to comply with the minimum work week prescribed in this order and with policies, directives and regulations prescribed hereunder, and shall promptly take such action as may be necessary for that purpose.

3. The Chairman of the War Manpower Commission shall determine all questions of interpretation and application arising under this order and shall formulate and issue such policies, directives and regulations as he determines to be necessary to carry out this order and to effectuate its purposes. The Chairman of the War Manpower Commission is authorized to establish a minimum work week greater or less than that established in Section 1 of this order or take other action with respect to any case or type of case in which he determines that such different minimum work week or other action would more effectively contribute to the war effort and promote the purposes of this order.

4. All departments and agencies of the Federal Government shall comply with such policies, directives and regulations as the Chairman of the War Manpower Commission shall prescribe pursuant to this order, and shall so utilize their facilities, services and personnel and take such action under authority vested in them by law as the Chairman determines to be necessary to effectuate the purposes of this order and promote compliance with its provisions.

5. Nothing in this order shall be construed as superseding or in conflict with any Federal, State or local law limiting hours of work or with the provisions of any individual or collective bargaining agreement with respect to rates of pay for hours worked in excess of the agreed or customary work week, nor shall this order be construed as suspending or modifying any provision of the Fair Labor Standards Act (act of June 25, 1938; 52 Stat. 1060; 29 U. S. C. 201 et seq.) or any other Federal, State or local law relating to the payment of wages or overtime.

FRANKLIN D. ROOSEVELT.
The White House,
Feb. 9, 1943.

F. H. Douglas to Admit

Dominick P. O'Donnell will acquire the New York Stock Exchange membership of the late W. Gillette Bird and will become a partner in F. H. Douglas & Co., 61 Broadway, New York City, members of the New York Stock Exchange.

To Be Stewart Partners

Benjamin O. Jacobsen and Alden H. Vose, Jr. will become partners in John G. Stewart & Co., 1 Wall Street, New York City, members of the New York Stock Exchange. Mr. Jacobsen will be a general partner in the firm and Mr. Vose will become a limited partner.

Permanently Enjoined

Fred F. Petersen Co., Inc., 25 Broad St., N. Y. City, and Fred F. Petersen, President and Treasurer of the concern, have been permanently enjoined from acting as dealer or broker hereafter, by the New York Supreme Court. Petersen, individually, may, however, be employed in the securities business. Assistant Attorney General William Koerner and the senior securities accountant of the New York Law Department had complained to Justice Philip N. McCook that they had found Petersen insolvent, owing his customers $16,697, while his total assets were only about $1,925.

Bank & Insurance Stocks

(Continued from page 566)

It will be noted that deposits expanded some $2,700,000,000 or 156%, principally as a result of the banks' participation in Liberty Loan financing. The capital funds of the banks, or book value, expanded 41%, while indicated earnings and dividend payments increased quite substantially. The market value of their stocks, as measured by an index based on available quotations, moved from a 1914 low of 450 to a 1919 high of 798, or 77%.

Turning now to World War II, which is of a far greater magnitude, we find that the national debt in 1939, when England declared war on Germany after the latter's attack on Poland, stood at $40,445,417,000. It should be noted that at that time the debt had already been inflated through peacetime spendings from $16,185,308,000 in 1930, or by approximately $24,000,000,000 equivalent to 150%. On top of this huge indebtedness we are now superimposing a war debt of practically incalcuable proportions. At the present time the Federal debt approximates $115,000,000,000. In the President's budget message to Congress on Jan. 11, 1943 he submitted an estimated figure of $100,000,000,000 for the fiscal year beginning July 1st. It has been estimated by Dr. Marcus Nadler of New York University, and by others, that we are likely to end the war with a Federal debt of around $250,000,000,000.

Our particular concern, however, is not with these abstract figures, but with the method being pursued in raising the funds and its probable effect on the affairs and fortunes of the banks. Taxation will provide only a fraction of the entire amount; the bulk will be raised, and is being raised, through the issue of bonds, i. e. through borrowing. It is of interest that the Treasury's financing program in December 1942 produced sales which totaled $12,937,000,000. Of this total banking sources accounted for $5,072,000,000 or 39.2%, while non-banking sources accounted for $7,865,000,000 or 60.8%. If this proportion is maintained it is readily apparent that the banking system will play an important role in the financing of the war.

It is pertinent, therefore, to present the following table of significant figures, compiled from the year-end balance sheets and annual reports of a group of 15 leading New York City banks. This group compares approximately with the first group considered, but due to mergers and other changes, it is not identical. Banks no longer existing are: Central Union, Hanover, Mechanics and Metals, National Bank of Commerce and National Park Bank. Banks substituted are: Bank of Manhattan, Central Hanover, Manufacturers Trust, New York Trust and Public National.

	Deposits	U. S. Govt. Securities	Capital, Surp. & Undiv'd Profits (000 Omitted)	Net Oper. Earnings	Divs.
1939	$14,136,232	$4,623,278	$1,448,214	$83,328	$65,850
1940	17,258,655	5,848,352	1,473,465	86,154	65,850
1941	17,351,833	6,987,436	1,509,864	90,741	65 250
1942	20,856,613	11,620,178	1,538,833	96,020	61,150

The most noticeable thing about these figures is the great spurt in the expansion of deposits and Government securities which occurred during 1942. This, of course, is directly attributable to the Government's accelerated war financing program since Pearl Harbor, and gives some indication of what may be expected in 1943. Aggregate book value, comprising capital, surplus, and undivided profits, has shown a healthy growth over the four-year period, while net operating earnings show a steady uptrend. In presenting operating earnings an attempt has been made to exclude security profits and other items of a non-recurring nature. But inasmuch as prior to 1942 the banks were not reporting on a uniform basis, the operating earnings shown for those years may or may not include some security profits, and should therefore be considered to some extent as approximate.

With regard to dividends, there has thus far been a gradual decline, compared with an increase between 1914 and 1919. It does not seem likely that increases will be made this time; on the other hand, so far as the banks included in this review are concerned, any further reductions would seem unnecessary. In view of the substantial dividend coverage and the favorable earnings outlook, it would appear that their dividends could be stabilized at present levels for the duration.

This is not an Offering Circular. The offer of these Bonds is made only by means of the Offering Circular.

$14,000,000

Erie Railroad Company

FIRST CONSOLIDATED MORTGAGE 3½% BONDS, SERIES D

Dated February 1, 1943 *Due February 1, 1958*

Interest payable February 1 and August 1 in New York City

A noncumulative sinking fund of $140,000 per annum is to be applied to the purchase or redemption of Series D Bonds.

Redeemable at any time, as a whole or in part, at the option of the Company, on any interest payment date upon 30 days' notice, and on any other date on 60 days' notice, at the following prices with accrued interest: to and including February 1, 1946, at 102½%; thereafter to and including February 1, 1949, at 102%; thereafter to and including February 1, 1952, at 101½%; thereafter to and including February 1, 1954, at 101%; thereafter to and including February 1, 1956, at 100½%; and thereafter at 100%.

The issue and sale of these Bonds are subject to authorization by the Interstate Commerce Commission.

Erie Railroad Company has summarized as follows certain parts of its letter dated February 3, 1943, describing the Series D Bonds. The entire letter with Exhibits should be read prior to any purchase of such Bonds.

PURPOSE OF ISSUE ***The net proceeds to be received by the Company from the sale of the Bonds ($13,440,000, exclusive of accrued interest) will be applied to the purchase of, or to reimburse the Company for the purchase of, $14,000,000 principal amount of Collateral Trust 4% Notes, due January 1, 1953, from Reconstruction Finance Corporation at 103⅝% and accrued interest.***

THE COMPANY AND ITS PROPERTIES ***The Company, incorporated in New York in 1895, was reorganized December 22, 1941. It operates 2,242 miles of road, of which 1,940 miles are owned, 102 miles are operated under lease, 137 miles are operated under trackage rights and 63 miles are operated for the account of others. The main line from Jersey City to Chicago runs through Binghamton and Elmira, New York, Youngstown, Akron, Marion and Lima, Ohio and Hammond, Indiana. Certain lines tap the Pennsylvania anthracite fields in the vicinity of Scranton and Pittston and other lines extend to Rochester and Buffalo, New York, and Cleveland and Dayton, Ohio.***

EARNINGS ***The following summary of earnings of the Company (including earnings of Chicago and Erie Railroad Company) has been prepared from the Company's Condensed Income Accounts in the Offering Circular and is subject to the notes thereon and to the Statement of Profit and Loss:***

Years Ended December 31	*Total Railway Operating Revenues*	*Total Railway Operating Expenses*	*Operating Ratio*	*Net Railway Operating Income*	*Income Available for Fixed Charges**	*Total Fixed Charges†*
1933	$ 72,086,316	$51,612,532	71.60%	$12,523,148	$15,613,364	$15,106,935
1934	75,064,122	54,311,372	72.35	12,699,832	14,047,717	14,643,851
1935	75,126,702	54,793,414	72.93	12,960,726	13,884,626	14,732,126
1936	85,005,111	58,882,551	69.27	16,338,791	16,910,815	14,710,901
1937	83,925,726	60,997,804	72.68	13,614,008	14,118,317	14,546,710
1938‡	69,509,060	56,103,282	80.71	3,214,328	3,595,948	14,368,842
1939‡	81,217,363	59,372,910	73.10	11,464,135	12,148,915	13,593,536
1940‡	86,606,613	61,662,046	71.20	13,853,996	13,977,835	13,958,672
1941‡	106,845,421	72,149,109	67.53	20,931,583	21,778,543	13,782,205
1942	133,353,572	84,642,469	63.47	24,372,831	24,982,265	6,784,311

‡ *The Company was in reorganization from January 18, 1938 to December 22, 1941.*

* *During the ten year period covered by the table above Federal income taxes were accrued only in respect of income for the years 1936, 1941 and 1942. Such Federal income taxes have been deducted before arriving at the amounts shown under the heading Income Available for Fixed Charges.*

† *Total fixed charges in this table from January 1, 1933 to December 22, 1941 include fixed interest charges on the debt of the Company and rentals for leased roads as they existed from time to time prior to the reorganization of the Company on December 22, 1941. For the period from December 22, 1941 to December 31, 1942 they include fixed interest charges on the debt and rentals for leased roads as they existed from time to time subsequent to the reorganization. Contingent interest is not included in the column of fixed charges.*

SECURITY ***The Series D Bonds are being issued under the Company's First Consolidated Mortgage, and the aggregate principal amount thereof is limited to $14,000,000. Upon the cancellation of the $17,500,000 Series B Bonds now pledged under the Collateral Trust Notes due 1953, and after giving effect to the present financing, there will be $94,289,350 of First Consolidated Mortgage Bonds outstanding in the hands of the public and $636,350 of such bonds in the Company's treasury, all of which will be secured, in the opinion of counsel for the Company, by a first lien on 702 miles of road (principally branch lines) and by a second lien on 1,250 miles of road subject to the liens in so far as they attach of mortgages securing $41,973,000 principal amount of bonds outstanding in the hands of the public.***

The Mortgage permits the issuance of additional bonds thereunder for various purposes. The lien of the Mortgage, the sinking fund for the Series D Bonds and, with certain exceptions, other provisions of the Mortgage and the rights of the bondholders may be modified by the Company and holders of such percentage of bonds affected as is specified in the Mortgage.

Subject to certain terms and conditions, Morgan Stanley & Co. has agreed to purchase these Bonds from the Company at 96% and accrued interest to date of delivery. 33 participants have accepted from Morgan Stanley & Co. several participations aggregating $12,500,000 principal amount of Bonds in this purchase.

The foregoing is merely a brief outline of certain information contained in the Offering Circular dated February 5, 1943, and is subject to the more detailed statements therein. The entire Offering Circular should be read prior to any purchase of these Bonds. Copies of such Offering Circular are obtainable from the undersigned only in States in which the undersigned is legally authorized to act as a dealer in securities and in which such Offering Circular may legally be distributed.

Price 97½% and Accrued Interest

These Bonds are offered subject to prior sale when, as and if issued and subject to the approval of Messrs. Davis Polk Wardwell Sunderland & Kiendl of all legal proceedings in connection with their issue and sale; and subject further to the condition that the order or orders of the Interstate Commerce Commission authorizing their issue and sale shall have become effective on or before March 11, 1943, and shall be in effect on the date of payment. It is expected that delivery of Bonds in temporary form will be made at the office of J. P. Morgan & Co. Incorporated against payment therefor in New York funds.

In order to facilitate the distribution of the Bonds by attempting to stabilize the price thereof, Morgan Stanley & Co. reserves the right to purchase and sell Bonds, in the open market or otherwise, for either long or short account. This statement is not an assurance that the price of the Bonds will be stabilized, or that the stabilizing, if commenced, may not be discontinued at any time.

MORGAN STANLEY & CO.

February 5, 1943.

Investment Trusts

(Continued from page 567)

dicated growth is a result of sales after that date.

Canadian Investment Fund, Ltd.—Net assets on Dec. 31, 1942 were $8,255,541, against $7,164,996 a year before. Net asset value per share increased 6.8% during the year.

Century Shares Trust—Net assets on Dec. 31, 1942 were $15,802,890 equal to $24.52 per share. Asset value per share on Dec. 31, 1941 was $23.76.

Commonwealth Investment Company—Net assets at the end of 1942 were $1,263,947, equivalent to $3.49 per share. This compares with $3.01 on June 30, 1942 and $3.12 on Dec. 31, 1941.

Fundamental Investors, Inc.—Net assets amounted to $6,463,824 at the end of 1942. Asset value per share increased from $13.51 at the beginning of the year to $16.12 at the end of the year, a gain of 19%.

General American Investors, Company, Inc.—Showing an increase of $2,914,680 for the year, net assets on Dec. 31, 1942 stood at $18,694,865. Asset value per common share rose from $7.06 to $9.30 during the year.

Group Securities, Inc.—Net assets during the 1942 calendar year increased from $6,006,909 to $9,390,105. The average price of one share of the company's twenty classes of shares advanced from $3.99 to $4.29. The number of shares outstanding increased to 2,785,288, a gain for the year of 72%.

Investors Mutual, Inc.—Assets increased from $4,063,845 on Dec. 31, 1941 to $12,612,630 on Dec. 31, 1942. The number of shareholders rose from 4,259 to 10,934 during the year and the number of shares outstanding increased by more than 200%.

Keystone Custodian Funds, Inc.—Series B1 had net assets of $2,465,390 on Dec. 31, 1942, equivalent to $27.04 per share. This compares with $1,825,208 and $26.54 a year earlier. Series K2 had net assets of $513,750, equal to $11.29 per share, as of the 1942 year-end. Comparable figures for June 30, 1942 were $414,746 and $9.56.

Massachusetts Investors Trust—Net assets amounted to $16.89 per share on the 6,410,211 shares outstanding as of Dec. 31, 1942, compared with $15.57 per share on the 5,870,592 shares outstanding a year before.

Massachusetts Investors Second Fund, Inc.—Net assets advanced from $6,641,735 or $7.33 per share on Dec. 31, 1941 to $7,633,901 or $8.21 per share on Dec. 31, 1942.

New York Stocks, Inc.—Net assets applicable to the 21 Series of Special Stock totaled $5,246,592 as of Nov. 30, 1942.

Republic Investors Fund, Inc.—Net assets appliable to the common stock were approximately $836,000, equal to $2.95 per share as of the 1942 year-end.

Sovereign Investors, Inc.—Net assets as of Dec. 31, 1942 were approximately $410,000. This was equal to $5.37 per share of common stock and compares with $5.03 per share a year earlier.

Our Reporter's Report

(Continued from first page)

setting to some degree their tremendously increased investments in U. S. Government War Bonds.

At any rate the trade hears from time to time of sizable blocks reaching the market chiefly from insurance companies and some trusts.

The latest substantial transaction of that nature involved the sale to a banking group by Prudential Insurance Company, of a $2,738,000 block of Kansas City, Mo., water revenue, 1¾% bonds due 1948-61 on a bid of 100.209.

Reoffering by the banking group is on a basis to yield from 1.10% on the earliest maturity to a price of 100 for long-term series.

San Francisco Tries Again

The City of San Francisco, through its Board of Supervisors, has decided to seek again voters' approval of an issue of revenue bonds to finance the purchase of the Market Street Railway System.

HAnover 2-0050 Teletype—N. Y. 1-971

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Our Reporter On "Governments"

By S. F. PORTER

WHAT'S COMING?

The talk about possibilities for the April borrowing is gaining. . . . We're now entering the pre-issue gossip period and you may as well get resigned now to rumors ranging from longs to shorts to intermediates to bonds to notes to certificates to bills. . . . You'll get them every week now. . . . This column will try to report the best and most reasonable of them to keep you informed. . . . But don't forget—this is only February and many a slip may happen to change the outlook in the coming weeks of crisis on all fronts. . . . So consider the reports as definitely preliminary and subject to change without notice. . . .

Here's one that's logical. . . . A 1½% note due in 1947. . . . Treasury will cut its coupon considerably from the 1¾ placed on the 1948 bonds in December. . . . Short-term maturity will appeal heavily to banks and institutional investors of all kinds. . . . Speculative opportunities in shorts of this type have been shown by market action of the 1¾s since they were issued. . . . Rate seems logical at present price level. . . .

What makes this one seem particularly logical is the aftermath of the 14% allotment on the recent issue of one-year certificates of indebtedness. . . . Certificate issue was in such great demand after the allotment figures came out that it rose to a premium of 4/32 as banks entered the open market for additional securities. . . . At this premium, the c.is appeared too expensive to many commercial institutions, so they turned to the 1¾s of 1948 and the shortest-term 2% bonds. . . . With the result that the short-term list has been receiving particularly good attention these last few weeks and the 1¾s now are selling at the same price as the long-term 2½s of 1968/63. . . . Both are at 100.18 (which means that the forecast here that the 1¾s would get up to that price has come true). . . .

As a matter of fact, the market's strength has been tempered in the last four weeks by heavy liquidation of securities by the Reserve System. . . . Since Jan. 6, the Reserve Banks have sold $557,000,000 obligations and the figure may be much higher for story is lots of the sales were on a delayed delivery basis so that the reports wouldn't have to come out now. . . . Reserve is getting rid of many of the issues picked up at the time of the October financing—which was as badly handled as anything Secretary Morgenthau has tried in recent years. . . . Contrast between that market and this is worth studying as an indication of what can be done when financings are properly put through.

So here's one report—1½s of 1947. . . . Just file it away. . . .

A 10-YEAR BOND?

The policy of the Treasury, as defined last October, is to confine issues for banks to the 10-year maturity range and the 2% coupon maximum. . . . A 10-year 2 just doesn't seem right at this price level, and chances are the bond would rise too much for comfort. . . . A too big premium can be just as bad as a too small one. . . . As for 2s of 1952/50, another rumor around, they might be too attractive and certainly Morgenthau can try a 1953 bond if he's going to get into the 2% bracket at all. . . .

So unless we have a market reaction between now and April of proportions serious enough to make all these stories just wasted paper, another 2 is improbable. . . .

What then? . . . Well, some of the best informed sources around the financial district of New York are thinking about a 2¼ due in the late '50s. . . . Another interest rate cut and surely, the record would look good with 1½s, 2¼s and 2½s as compared with the December offerings. . . .

And there's supposed to be authoritative information that the 2½s of 1968/63 will be reopened for subscriptions by non-banking sources. . . .

The 2½s are at 100.18 at the moment, a fair-sized premium to offer to new buyers. . . . Of course, the premium would disappear when the new ones come out at par but still. . . . Answer of dealers who are thinking along these lines, though, is that the old "tap 2½s" were at a ½ premium when the books first were reopened, so 18/32 is not so big. . . .

R. Hoe common
—
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Brocksmith Trading Mgr. For Stifel Co.

ST. LOUIS, MO. — Herman L. Brocksmith is now manager of the trading department for Stifel, Nicolaus & Co., Inc., 314 North Broadway, members of the St. Louis Stock Exchange. Mr. Brocksmith, who is well-known in St. Louis trading circles, has recently been associated with Scherck, Richter Company; prior thereto he was an officer of H. L. Ruppert & Co., Inc.

Louisville Trust Co. Arranges 5 Million V Loan For Tube Turns

LOUISVILLE, KY.—Louisville Trust Company has arranged the financing of a $5,000,000 Regulation V. loan to provide working capital for Tube Turns, Inc., which has all its plants in Louisville, it is announced. This is the largest Regulation V loan announced by a Louisville company to date. Louisville Trust Company is also head of the syndicate of participating banks, Earl R. Muir, President of the bank, stated.

Tube Turns, Inc., half of which is owned by Girdler Corporation and half by National Cylinder Gas Co., found that the loan was required to handle its expanding volume of war orders, the defense program followed by the war program necessitating a phenominal increase in production. It recently was awarded an E pennant for production performance and received a citation for setting a world record in the forging of airplane cylinders.

The magnitude of this loan indicates a return to private finance from government financing as a result of Regulation V. The United States Government had provided capital for expanding industries at the beginning of the defense program, either through the Reconstruction Finance Corporation or the Defense Plant Corporation. Regulation V is a plan perfected to use private capital instead of tax money for industries engaged in war work. Widespread use of Regulation V will enable commercial banks to make the loans, reducing the Government's obligation to provide the capital for private enterprise. The overall result should be the reduction of potential totals of war bonds issues.

Emerson Morgan Forms Own Investment Firm

LOS ANGELES, CALIF.—The retirement of Cavanaugh, Morgan & Co. from the general securities business and the formation of a new investment banking firm to be known as Morgan & Co., which will succeed to the business of the former organization, has been announced by Emerson B. Morgan. The new firm will occupy the quarters at 634 South Spring St. formerly held by Cavanaugh, Morgan & Co.

Emerson B. Morgan, head of the new firm, has been in the investment business in Los Angeles for the past 17 years and is a member of the Los Angeles Stock Exchange. During World War I he was on active duty in foreign waters with the United States Navy.

Robert D. Cavanaugh, associated with the dissolved firm of Cavanaugh, Morgan & Co. since its inception in 1936, has retired from the securities business to devote his full time to Adel Precision Products Corporation, of which he is a Vice-President and director.

G. Donald Murdoch, who has been with Cavanaugh, Morgan & Co. for the past year and a half as Vice-President and a director, will continue with the new firm in an executive capacity.

Oscar Kraft Opens Own Firm In Denver

(Special to The Financial Chronicle)

DENVER, COLO.—Oscar F. Kraft is engaging in a general securities business from offices at 2960 Albion St., under the firm name of Oscar F. Kraft & Co. Mr. Kraft, who was recently associated with Walter Webb & Co., conducted his own investment business in Denver for many years.

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Out-Of-Towners At Chgo. Traders Dinner

CHICAGO, ILL.—A larger number of out of town guests were among those attending the annual dinner of the Bond Traders Club of Chicago, held on Feb. 2. Those from other cities at the dinner were:

Out of Town Attendance

W. C. Thornburgh, W. C. Thornburgh Co., Cincinnati; H. S. Goff, Russ & Company, San Antonio; Russell Dotts, Bioren & Company, Philadelphia; William Gregory, Bonner & Gregory, New York City; Cyril M. Murphy, Mackubin, Legg & Co., New York City; James Russell, Gillis-Russell & Co., Cleveland; Edward E. Parsons, Wm. J. Mericka & Company, Cleveland; B. W. Pizzini, B. W. Pizzini & Co., New York City; B. J. Van Keegan, Frank C. Masterson & Company, New York City; Lee R. Staib, George Eustis & Co., Cincinnati; Fred Morton, The Milwaukee Co., Milwaukee; Walter Schurman, Dolpnin & Co., Philadelphia.

Walter Donner, The Milwaukee Co., Milwaukee; Eldridge Robinson, Baum Bernheimer Co., Kansas City, Mo.; George White, Murdock, Dearth & White, St. Louis; Edward Nelson, Kidder, Peabody & Co., New York City; Charles Lob, Weil & Company, New Orleans; George Hollister, Schouten, White & Co., Grand Rapids; Chester M. Kolkoski, Schouten, White & Co., Grand Rapids; E. A. Rovner, Charles Clark Co., New York City; Erwin Harris, Quail & Company, Davenport, Iowa; H. R. Hastings, H. R. Hastings Co., Detroit.

Miles Reinke, Wisconsin Company, Milwaukee; John C. Calef, Dominion Securities Corp., New York; Otto Koch, Loewi & Company, Milwaukee; G. Edward Slezak, Loewi & Company, Milwaukee; Oliver A. Julien, Thomson & McKinnon, Milwaukee; Joseph Fernandez, Thomson & McKinnon, Milwaukee; Carl Wilson, Wisconsin Company, Milwaukee; Arthur Paddock, Paine, Webber, Jackson & Curtis, Milwaukee; Madden McRury, Paine, Webber, Jackson & Curtis, Milwaukee; Edward L. Meyer, Harris, Upham & Company, Kansas City, Mo.; Wm. Perry Brown, Newman, Brown & Company, New Orleans.

John C. Hecht, Butler-Huff & Company, Los Angeles; R. Victor Mosley, Stroud & Company, Philadelphia; Henry J. Arnold Clair S. Hall & Co., Cincinnati; George V. Jackish, Harris, Upham & Co., Minneapolis; Arch F. Montague, W. E. Hutton & Co., Cincinnati; Henry Gundling, Knapp & Company, Cedar Rapids; T. W. Pelton, The Milwaukee Co., St. Paul; Harry Williams, Quail & Company, Davenport, Iowa; John Canavan, Rauscher, Pierce & Co., Dallas; Peter Cooper, Loewi & Company, Milwaukee; Ernest Kosek, Ernest Kosek & Company, Cedar Rapids; Emmett Byrne, Edward D. Jones & Co., St. Louis.

Associated Electric Debs. Situation Of Interest

The current situation in the debenture 4½s due Jan. 1, 1953, and debenture 5s due Jan. 1, 1961, of Associated Electric Co. offer interesting possibilities, according to a memorandum issued by G. A. Saxton & Co., Inc., 70 Pine St., New York City. The attractiveness of these debentures has been obscured for the past 3 years, according to the memorandum, but the situation is of a steadily improving nature both as to income and price appreciation possibilities. Copies of the memorandum, which discusses the situation affecting these debentures in detail, may be had upon request from G. A. Saxton & Co., Inc.

Towne Securities Offers Interesting Situation

The 7% cumulative preferred stock of Towne Securities Corp. offers interesting possibilities at current levels, according to a circular issued by J. L. Schiffman & Co., 60 Broad Street, New York City. Copies of the circular may be had from the firm upon request.

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The Business Man's Bookshelf

Burden of British Taxation, The—By G. Findlay Shirras and L. Rostas—Cambridge: The University Press; New York: The MacMillan Company, 60 Fifth Avenue—Cloth—$3.00.

Financing Small Corporations—By Charles L. Merwin—Studies in Business Financing—National Bureau of Economic Research, 1819 Broadway, New York City—Paper.

Studies in National Income—Edited by A. L. Bowley—Cambridge: at The University Press; New York: The MacMillan Company, 60 Fifth Avenue—Cloth—$3.50.

Bill Introduced To Ease Tax On Holders Of Canadian Securities

A bill has been introduced in the New York State Legislature by Assemblyman Harold B. Ehrlich of Buffalo, which would provide that income taxes be paid only on the actual amount of dividends received by persons owning Canadian securities. Because of the tax levied by Canada and the exchange rate, such security holders, Assemblyman Ehrlich said, now receive only about sixty per cent of the amount of their dividends but are paying income taxes on the full amount.

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FINANCIAL CHRONICLE

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Volume 157 Number 4150 New York, N. Y., Thursday, February 11, 1943 Price 60 Cents a Copy

To What Extent Is A Plan For Pay-As-You-Go Taxing Feasible?

By GEORGE V. KRACHT, CPA, Consultant to the New York State Department of Audit and Control, and CHARLES A. HARMON, CPA, of the firm of Meech, Harmon, Lytle and Blackmore, N. Y. C.

In his annual message to Congress, the President gave his endorsement to the pay-as-you-go basis of taxation, "as far as feasible."

The problem is a much more complex one than even the experienced taxpayer supposes.

In this article, the authors examine the obstacles that stand in the way of a real current payment plan and the conditions under which they may be leveled down.

The income taxes of the country are now computed on the basis of *annual* income. In practice, this means that taxpayers wait until all the factors that enter in the computation of their incomes for any year have been determined; then compute their taxable income and the tax thereon according to law; and, finally, pay the tax on or before March 15 of the next year, or in quarterly installments.

This system has worked well during the past thirty years. Indeed, it is difficult to see how any other method of measuring income tax payments can be developed for certain forms and levels of income. Our tax rate structure, our system of varying exemptions and credits, and many special relief provisions of the law, such as the net-operating loss provisions, the capital gain-and-loss provisions, the earned income credit, and the allowance of non-business deductions, have been based upon this plan of payment. All of these and others involve the *use of a fully determined annual income as the base for the measurement of the tax*.

It is now proposed to change this system; to shift to a pay-as-you-go basis, by forgiving all taxes on 1942 individual incomes, and, as it has been forcefully put, by turning the hands of the tax clock ahead one year. This objective presupposes that all, or at least the major part of the taxes, measured by the income of any year (1943, for example) *will be determined and paid within that year*. If it does not mean this, then, at the close of 1943, taxpayers will be in practically the same position as they are today, and, presumably, they may then again with equal reason be clamoring for legislation to turn the hands of the tax clock ahead still another year.

Now despite the fact that our present system has worked so well in the past, it may be that the sudden entry into the tax field of millions of taxpayers *with no liquid resources beyond current incomes* necessitates some change. To these taxpayers, who are subject at times to severe fluctuations in income, and who are not accustomed to save for a debt of this character, the present plan of tax payments *after* the annual income by which they are measured has been earned, presents obvious difficulties in personal finance. If they had been subjected to the discipline of a few years' training under the existing scheme, at light rates, the situation might be, but, in all probability, would not be, different.

But the change required to put the country on a pay-as-you-go basis is not so simple as many advocates of that plan appear to assume. Current tax payments, as indicated, are now measured by the completely determined income of a year. And so, if we are to make a shift and measure current tax payments by current income, before the full results for the year are in, *what measure will be used?* The idea of the measure of weekly or monthly payments, used in the victory tax, instantly arises, and something such as this appears to be in the minds of all.

(Continued on page 582)

From Washington Ahead Of The News

By CARLISLE BARGERON

The wisest observation I have heard in a long time came recently from a little 22-year-old girl, just out of the university, filled up to the brim with economics, four freedoms, labor relations and political science. Over cocktails she listened attentively to the rantings of a Pacific Coast shipbuilder against bureaucracy. Finally, she asked:

"I agree with you that what these men are doing is terrible, but do you think they could do it in any other way? They are trained the way they are, they are trained to do things the way they are doing them. Don't you think it would be an awful mess if we required them to do things in another way?"

By way of which I have to report that many months ago I wrote that many men, successful in the field of private enterprise, utterly opposed to Bureaucracy, were nevertheless rushing into it because they figured that henceforth Government was to be dominant, that it was to be the principal career of an ambitious man, the best outlet for a fellow's energies, his seeking of power. Worthwhile men are still doing that. Instead of working up to the captaincy of an industry, men are still coming to Washington and seeking to assert themselves through being the head of a Government agency.

I, therefore, hasten to suggest that the tide has turned. Recent traveling about the country has convinced me that the Bureaucrat's days are numbered. But what is more immediately important is that a definite stigma is coming more and more to be attached to the term. Traveling these days is far from being pleasant. One of the most unpleasant phases is the attitude of the overworked railroad employees against travelers in civilian clothes. They are inclined to look upon them as people on pleasure bent. But until a few months ago the Government official who produced a Government order for his mileage was looked upon with a fairly healthy respect. He wasn't on pleasure bent, or so the railroad employee thought. Now, the fellow who so discloses his occupation is treated with complete contempt.

The term "Bureaucrat" has caught on out in the country as something to be despised. In the last month I have traveled some

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*These statistics omitted from "Chronicle" at direction of the War Censorship Board. (See notice on first page of Section 2 in August 27, 1942, "Chronicle.")

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THE FINANCIAL SITUATION

The new Congress has been in session long enough now to suggest that it is made of sterner stuff than its predecessor. It has obliged the President to withdraw an outrageous nomination of a political "boss" for an important diplomatic post. Unless usually reliable signs fail it is in the mood to call sharply into question a number of other acts and policies of the Administration. The fact that such a Congress in such a state of mind is now in session at Washington is, of course, clear evidence that the President is far from having the people of the country solidly behind him at all points. No one at home will doubt, and our enemies would do well not to question, the fact that the country is as determined to win the war and as willing to do what is necessary for that purpose as is the President himself, but it definitely is not fully satisfied with the management of its affairs in this time of crisis.

Needs Attention

This dissatisfaction, this division among us—for such it is—does not appear to have yet reached the point of doing serious injury to the war effort, but the possibility that it may do so in the future is plainly present. In the opinion of many whose views are worthy of very careful consideration, a continuation of some of the policies complained of would inevitably do so within the coming 12 months, if not sooner. Evidently here is a situation which needs careful and dispassionate consideration—now. The first step is to inquire why these schisms have developed, why they continue, and why it appears impossible to thresh these disputed questions out and reach conclusions which inspire the confidence of the people at large.

Of course, no one expects complete unanimity at any time upon questions so vital and so complex. There are always those who would be distrustful and querulous though one rose from the dead. If the current situation were merely one in which the usual stream of soap-box complaints and country-store arguments prevailed, the matter would de-

(Continued on page 580)

Labor and Postwar Problems

Many minds are already at work upon the solution of these (post-war) problems. Organized labor everywhere must join in this preparatory work in order that, when the time comes, it may not be overwhelmed, because of unpreparedness, by forces which have nothing in common with the ideals of liberty, social justice and democracy.

It is not a question of proposing ready-made recipes and blueprints to be applied automatically. But it is important to be informed, to assemble the vast available material, to study and analyze it from the viewpoint of organized labor and of the social interest. What has been lacking is a competent organization devoted to the study of war and post-war problems from the broad viewpoint of industrial democracy and the future of organized labor.—William Green.

"What has been lacking" on this side of the Atlantic is hard-headed realism in the discussion of post-war problems and their solution.

There is no reason why organized labor should not, along with organized business, supply this want.

Somebody must supply it—or both business and labor will pay through the nose.

We can only hope that in this organized labor will be able to summon greater wisdom than it has sometimes shown in its attitude toward pre-war problems.

Churchill Secures Turkish Agreement

Prime Minister Churchill, following the Casablanca conference with President Roosevelt (referred to in these columns Jan. 28, page 370), went to Turkey and held meetings with President Ismet Inonu, reaching an important agreement with that nation, an official British announcement disclosed on Feb. 2.

At the meetings, regarded as part of the strategy mapped at North Africa, the British and Turkish leaders, accompanied by military and political advisers, "examined the present situation in Europe, and particularly in those regions wherein Turkey is directly interested," and reached agreement "on all principal points," the announcement said.

Mr. Churchill carried a message from President Roosevelt to President Inonu and it was disclosed in Ankara on Feb. 2 that the Turkish leader had replied directly. No details of the exchange of notes was given out.

"Agreement was reached," it was announced, "on the manner in which Great Britain and the United States would be able to help Turkey materially to consolidate her own general defensive security, and conversations on that subject took place between Turkish and British military leaders." The official communique added:

"The Prime Minister, having so recently been in conference with the President of the United States, could speak with full knowledge of the views of President Roosevelt, who had warmly welcomed the proposal for this meeting.

"Consideration was also given to post-war problems, on which agreement was again reached. After these interviews, which took place on Jan. 30 and 31 at Adana, both Turkish and British statesmen expressed themselves as fully satisfied."

In Associated Press advices from Ankara Feb. 2 it was stated Sir Hughe Knatchbull- Hugessen, the British Ambassador to Turkey, on his return from the Adana conference, said that Turkey was not asked to enter the war and that German propaganda to this effect was a complete fabrication. The object of the conference, he said, was to provide Turkey with more defensive armaments against the uncertainties of the future.

Nothing was signed at the conference and the two leaders—Prime Minister Churchill and President Ismet Inonu of Turkey—"did not decide that if such-and-such a thing happens, Turkey will do such-and-such," Sir Hughe added. "Turkey remains as free to make her own decisions as before."

Fears Huge Army Will Cause Food Shortage

Senator Bankhead (Dem., Ala.), Chairman of a Senate Appropriations sub-committee investigating the manpower situation, warned on Feb. 3 that "we will reach the brink of starvation" if the armed forces call for more than 11,000,000 men.

Senator Bankhead's statement was made after his subcommittee had questioned Maj. Gen. Lewis B. Hershey, Selective Service Director. Gen. Hershey's testimony was not revealed by Mr. Bankhead. "Any enlargement of the armed forces will cause us to fall short of supplying the military, lend-lease and ourselves with adequate amounts," Mr. Bankhead said, voicing a conviction that an acute shortage can be forestalled only by the release of nearly 1,000,000 soldiers and sailors, according to the Associated Press.

Editorial—

To Preserve International Peace

By H. T. Newcomb

A mad world, organized to destroy, turns in its misery to thoughts of peace. Amidst the chaos of disorder, sacrificing the best and strongest of their sons to the carnage, witnessing immense and irremediable impairment of the complex structures civilization requires and men have toiled through centuries to erect, surrendering hourly their comfort and well-being and even some of their ideals of religion and civic virtue, knowing that their civilization is tottering under stupendous blows humanly contrived and may fall irretrievably unless they cease, comprehending men ask themselves whether war must come again.

Must this great curse, prolific mother of all curses, incapable of producing any gains, forever rest hardly upon the sons of men? They would know whether the genius so powerful to kill, to maim, and to destroy, is too dull, too impotent, too lacking in good will to men, to provide mankind with the pattern of the peaceful world which their nostalgia demands? They would organize the world for peace, plenty, and progress, if they could find the way, as it is now organized for degradation, devastation, and death. It has been so before. Duke Sully, Henry of Navarre's great minister in the 17th century; Tsar Alexander, Prince Metternich, and Talleyrand, after the passing of the hot and destroying breath of Napoleon; Woodrow Wilson, at Versailles in 1919; confident statesmen throughout the ages have planned elaborately for peace, and catastrophes of war have overwhelmed all they wrought.

The Treaty of Versailles was the culmination of such efforts and probably the highest possible attainment consistent with the primary conception implicit in them all, a cooperative and controlling super-state with eventual discarding of the costly and useless armaments commonly burdening the peoples. The defeated nations, under duress, admitted responsibility for the war in which they had been vanquished. For that, and the destruction which it caused, they were penalized to the extreme limit of endurance, with abnegation, and their abnegation oozed away almost as the compulsion under which they signed their surrender was withdrawn. They were forced to promise vast indemnities which they scarcely could pay. They would not pay what they could. They were deprived of territory having great natural resources required for their domestic economy. Gradually they took it back. They were denied the armies and armaments without which they could not again become aggressors and their reconstruction was prohibited. Yet they conscripted new armies and greater ones and provided them with arms and equipment far beyond anything the world had witnessed before. The treaty penalties and prohibitions might all have been enforced. The nations victorious in the war possessed ample power, from 1920 at least to the end of 1936, to enforce any demand they chose to make. But in all Europe no voice potent enough to command ordered Germany to desist from rehabilitation and from increasing her military might. Dreading no longer the aggrandizement of Germany, not perceiving the full realities of its armament, Great Britain had come to dread different dislocations of the balance of European power and could no longer see advantage in the relative strengthening of France and Russia by perpetuating the impotence of the Germans. In this situation, the artificial super-state, the League of Nations, neither could nor would move effectively. Japan was permitted to seize Manchuria. Italy ousted Haile Selassie and took Abyssinia. Germany rose again as an admitted Great Power and, suddenly, as greatest of them all in its military strength. But the voice from Geneva spoke not at all or only weakly, and without courage or confidence or any salutary consequences.

Will it not always be so with any artificially created super-state? With any plan of disarmament or deprivation of military capacity enforced from the outside? While the victim is weak will any powerful nation wish to prevent its moderately strengthening itself? When it has strengthened itself dangerously, will any country which it does not attack or threaten dare, or find it convenient, to adventure unprovoked in its reduction? Equip the super-state with an army, call it a police force if preferred, and will it not rest indolent or supine or become the facile tool of some dominant and domineering national government? To the first, second, and last of these inquiries common sense responds with an unquestionable affirmative; to the others recent history affords a thundering negative.

Is there no other expedient better adapted to the preservation of international peace? Perhaps there is. The Declaration of Independence asserts that governments are instituted among men to preserve inalienable human rights; rights to individual liberty, the pursuit of happiness according to individual tastes, and the enjoyment of property legitimately possessed. When any government ceases to protect these rights, so proclaims the immortal document, it is the right and duty of the governed, whose free consent is essential to just government, to substitute another government of their own devising, with powers approved by them and better adapted to these righteous ends. In fortunate America such constitutional changes can be achieved without violation of the fundamental constitution but in accordance with methods which it prescribes. Nowhere, however, does the Declaration suggest that governments should be formed or equipped for making or maintaining wars of aggression. Yet President Wilson said that peoples never desire or make wars, but always they are made by governments, and President Franklin Roosevelt demanded, in 1933, that the "peace of peoples" should replace the wars of governments. They were right. No modern war, in its inception, was ever approved or authorized by popular vote. In the United States, Congressional action which might have led to requiring a popular referendum before participation in any war, except to repel invasion, was defeated only by executive intervention, apparently prompted by belief that the threat of war is an indispensable instrumentality of diplomacy. Indubitably, wars are made by governments, to be financed and fought by their peoples, commonly at costs immeasurable and irrecoverable. However, not all governments are warlike. During the Nineteenth and Twentieth Centuries, from the Battle of Waterloo to the Battle of Stalingrad, neither Switzerland, Holland, Belgium, Finland, Denmark, Sweden, nor Norway ever began or brought about any war. Too weak in their numbers, in their armies and armaments, in their taxable wealth, they escaped the blood-guilt of forcible aggression and, although not wholly exempt from the conflicts of their more powerful neighbors, their peoples suffered materially less from the devastations which were caused. These governments have operated within small areas, but their relative immunity suggests inquiry whether governments cannot be created, powerful enough for all the legitimate purposes of peace, but not equipped with dangerous powers inevitably tempting them to forcible aggressions. Jefferson and Franklin believed in governments of limited powers, supported by peoples to whom would be reserved the largest possible measures of initiative and authority. If to the peoples everywhere, as distinct from their governments, could be reserved all the powers that are requisite to war-making, while leaving governments strong enough to protect life, limb, industry, and property within their boundaries, and there to perform all the essential functions of peace, there would be no more wars, unless the peoples lost their hatred and fear of warfare and, contrary to the course of all recorded history became as aggressive and arrogant as have been their egotistical governors.

Such war-necessary powers are not many, at most they are no more than ten. No modern war has been begun and maintained without reliance, by the warring governments, upon some or all of the following powers, none of them actually indispensable in peace:—

1. *Clandestine Diplomacy.* Secret understandings and alliances commonly precede wars. Honest and well-intentioned international negotiations need not fear the light of publicity. On the contrary, "open covenants openly arrived at" would gain force never attaching to results attained by unrevealed processes.

2. *Propoganda.* Governments planning war invariably attempt to inculcate fear and hatred of the enemy among their peoples. Propaganda at public expense always may be the sabotaging of popular understanding and is necessarily a crippling of criticism and opposition incompatible with true democracy and an outrageous misuse of the resources of taxation.

3. *Excessive Borrowing.* Without wars there would be no national debts of large magnitude. Wise policy would limit these debts to small percentages of the total of domestic wealth. With unrestricted powers to borrow and to tax, most governments proceed to arm excessively "for defense" and then to use the armaments for operations beyond their borders and not distinguishable, save by their sophistries, from acts of aggression.

4. *Destructive Taxation.* Discovery of the device of graduated taxation, laying heavier burdens, relatively, upon the larger taxpayers, at first seemed to enable the voting masses to impose the cost of government, which they could expand at will and for their own selfish ends, upon small minorities, while themselves remaining exempt and untaxed. It did not work out that way. Governments speedily absorbed the new taxes, vastly increased their expenditures, drained the brackets including the higher rate-payers until they could be drained no more, and promptly turned against the supporters of unequal taxation, the masses who had believed themselves exempt, exacting from them cruel taxes which

they could not evade because the upper brackets had been exhausted. All taxes should be applied equally in order that the weakest may not be victims of burdens beyond their lasting capacity to endure.

5. *Confiscation.* There need be no peace-time power to take property from its owners, except under the power of eminent domain, which must always begin with a formal legislative declaration of intent and necessity and conclude with prompt payment of just compensation judicially ascertained.

6. *Paper or Token Money.* To stamp a false declaration of value on a scrap of paper and command its acceptance in commercial exchanges and in liquidation of debts is among the most illusory and dangerous expedients of governments. In times of peace it is dangerous and unnecessary. Even during warfare it has been the prolific source of catastrophe.

7. *Conscription.* Involuntary servitude, except as punishment for crime and after conviction, exists in modern civilization only for the purposes of war. No such servitude can exceed that which drives men unwillingly to kill, to maim, to their own mutilation or death, or to the indescribable tortures of combat in remote and unfamiliar areas. Even during warfare, except for defense at home, its necessity is questionable and its advantages are undemonstrated. Inquiry is pertinent, whether the nations should preserve conscription so that they may have great wars or whether such wars ought continually to be indulged in in order that men, and eventually women, may be forced to involuntary servitudes.

8. *Legislation by Executive Decree or Directive.* The conduct of free men cannot, in any genuine democracy, be controlled by laws or rules not made with their own consent or that of their legislative representatives. Neither Abraham Lincoln nor Woodrow Wilson believed he could conduct a great war without violating this principle.

9. *Censorship.* Knowledge is power to its possessors, dangerous to those who err, destructive to the incompetent in public authority, and fatal to purposes and policies which cannot bear the illumination of public discussion. To limit knowledge and public comprehension by censorship is declared to be essential to effective prosecution of war and such restriction has been practiced by every war-making government. In peace, it is a draining of the wells of understanding and requires that the sovereignty of democratic citizenship shall be exercised while the sovereigns are blindfolded.

10. *Secret Police.* Under Napoleon, police surveillance, directed by the unspeakable Fouche, was hideously effective against the liberties of Frenchmen, and in the end it was turned powerfully against the failing autocrat. War-making dictators everywhere have imitated and augmented the system and will continue to do so while there are wars.

Very likely no government would consider the elimination of these powers from its own arsenal of authority without equivalent and simultaneous action by all other governments of strength, actual or potential, sufficient to be considered. Such self-denial and independent self-limitation is not here suggested or discussed. But, for consideration, the idea is advanced, that in the ultimate peace-settlement, when the present war has ended, the victorious nations, the United Nations, at once agree to strip themselves of these powers so essential to war and so usually resorted to by belligerents, and enforce against the defeated identical limitations. It may be, that, with this done and formal approval by majorities in each country directly affected required for their restoration, the antipathy of the peoples to warfare would become controlling and governments could no more violate their responsibilities by leading their reluctant masses into undesired and, so far as those masses are concerned, unfruitful aggressions. At any rate, the experiment would provide the world with an organization not palpably inimical to peace. Over-grown and arrogant governments, led by men eagerly obsessed with thoughts of their places in history, could no longer arm themselves extravagantly for war, and the governments thus existing would be of the type that would have been approved by Benjamin Franklin and Thomas Jefferson.

The State Of Trade

Reports from most industrial centers continue favorable, with very few signs of a let-up from the present pace. The production of electric power was one of the outstanding items this week.

Production of electricity in the United States in the week ended Jan. 30 moved to a new all-time record high level of 3,976,844,000 kilowatt hours, according to Edison Electric Institute figures. The previous high was 3,975,873,000 in the week ended Dec. 19, 1942. Production in the latest week was 14.7% above the like week last year, and compares with output of 3,974,202,000 kilowatt hours in the preceding week this year.

Each geographical section of the country showed a gain over a year ago, the increases ranging from 3.6% in New England to 29.6% in the Pacific Coast area.

Car loadings of revenue freight for the week ended Jan. 30 totaled 734,582 cars, according to reports filed with the Association of American Railroads. This was an increase of 31,004 cars from the preceding week this year, 80,983 cars fewer than the corresponding week in 1942 and 20,228 cars above the same period two years ago.

This total was 117.21% of average loadings for the corresponding week of the 10 preceding years.

Steel production in the United States is scheduled this week at 99.3% of capacity, compared with 99.5% last week, a decline of 0.2 point, the American Iron & Steel Institute reported.

The current week's rate indicated output of 1,698,700 net tons of ingots and castings for the seven days, compared with 1,702,100 tons last week and 1,622,400 tons in the like 1942 week.

Production of basic steels—ingots and castings—amounted to 7,408,744 net tons in January, an all-time peak for the month and the second largest of any month in the industry's history, the American Iron & Steel Institute reported. January output was more than 100,000 tons larger than the December total of 7,303,179 tons and was 273,822 tons more than the 7,124,922 tons produced in January, 1942. The all-time monthly high of 7,584,864 tons was in October, 1942.

Engineering construction volume for the week totals $81,796,000, an increase of 95% over the preceding week, but 49% below the corresponding 1942 week, according to "Engineering News-Record." Private construction climbs to its highest weekly volume since last October, and is 160% above a week ago. It is, however, 52% lower than a year ago. Public construction is up 88% compared with last week, but is 49% under the 1942 week. Federal work tops the preceding week by 92%, while declining 46% from last year.

The current week's total brings 1943 volume to $308,622,000, an average of $61,724,000 for each of the five weeks. On the weekly average basis, 1943 construction is 53% below that reported for the six-week period in 1942. Private work is 57% lower, and public construction is down 53% from a year ago, when adjusted for the difference in the number of weeks reported.

Department store sales on a country-wide basis showed no change, remaining the same for the week ended Jan. 30 as they did for the like week a year ago, it was revealed by the Federal Reserve System.

Store sales increased 2% for the four-week period ended Jan. 30, compared with the like period a year ago.

Department store sales in N. Y. City in the week ended Feb. 6 were 10% larger than in the corresponding week of last year, according to a preliminary estimate issued by the New York Federal Reserve Bank.

In the previous week ended Jan. 30 sales of N. Y. City department stores were 9% smaller than in the comparable week a year ago.

Depleted stocks of durable goods, the new victory taxes and the ban on pleasure driving in Eastern States are held largely responsible by retailers for a continued lag in dollar-volume sales this year compared with last year's record high, Dun & Bradstreet, Inc., report in their weekly review. According to this authority, sales for the country as a whole were estimated 4 to 9% below a year ago.

Reflecting a large war-time demand for food and a 22% increase in prices, the 1942 gross income of American farmers climbed to the record figure of $18,700,000,000, the Agriculture Department said over the weekend.

This estimate was $4,743,000,000 higher than the 1941 gross income. The department also forecast an increase of between 12 and 15% in the 1943 gross income, and further advances in farm prices.

The Nation's Class I railroads had net operating income of $1,480,940,760 in 1942, the Interstate Commerce Commission reported recently, 48.3% more than the 1941 figure of $998,286,708.

Business failures dropped sharply from 138 to 82 in the week ended Feb. 4, Dun & Bradstreet, Inc., reported, reaching the lowest level this year, and two-thirds less than the 241 at this time a year ago. In no industry group were failures more than half of last year's total and in retail trade only one quarter as large as last year.

The decline of 40% in total failures from last week reflected sharp drops in manufacturing, construction, and retail trade. Failures in wholesale trade remained unchanged and those in commercial service rose slightly.

President Withdraws Nomination Of Flynn

The nomination of Edward J. Flynn of New York to be Minister to Australia was withdrawn from the Senate by President Roosevelt on Feb. 1. The President stated that he was complying "reluctantly" with Mr. Flynn's request made on Jan. 31.

This action came just before the Senate was scheduled to take up the nomination, which had caused a bitter controversy as to the qualifications of the former Democratic National Chairman for the post.

It was generally believed that had the nomination been brought to a vote on the Senate floor it would not have been confirmed, although it would have been very close.

Mr. Flynn announced on Jan. 31 that he was asking the President to withdraw the nomination because he was "unwilling to permit my candidacy to be made the excuse for a partisan political debate in the Senate," although he said his Senate friends had assured him of confirmation. Such a debate, Mr. Flynn stated, "would imply unfortunate disunity."

The President sent the nomination to the Senate on Jan. 11 and since that time protests were raised by Senate Republicans and joined by some Democrats. The Senate Foreign Relations Committee conducted a three-day public hearing of the charges made against Mr. Flynn and on Jan. 27, by a 13 to 10 vote, recommended the confirmation to the Senate. However, mounting opposition in the Senate led Mr. Flynn to make the withdrawal request. In his statement setting forth his reasons, Mr. Flynn said:

"I do not question the motives of those who are opposing my confirmation but I am mindful of grievances, real or fancied, against the President."

In addition to being nominated for the Australian post, Mr. Flynn was being appointed as the President's personal representative in the Southwest Pacific.

The chief opposition to Mr. Flynn was based on charges—subsequently disproved by two New York grand juries—that New York City employees using city-owned paving blocks, paved the courtyard of Mr. Flynn's estate at Lake Mahopac, N. Y.

The White House released the following exchange of letters between the President and Mr. Flynn.

Mr. Flynn in his letter said:

"My dear Mr. President:

"I am requesting you to withdraw my nomination as Minister to Australia from the Senate. I am enclosing herewith a statement which I have issued which sets forth fully my reasons for asking you to take this action.

"I can't let this opportunity pass without telling you how thrilled I am and the whole country is at your brave and successful trip to Africa. It is a source of great comfort to all the lovers of freedom throughout the whole world that you have returned safely.

"With cordial best wishes, very sincerely yours,

"EDWARD J. FLYNN."

Mr. Roosevelt replied:

"Dear Ed:

"Reluctantly, I am complying with your request and have withdrawn your nomination from the Senate.

"I wish you would come to see me today or tomorrow.

"As ever yours,

"FRANKLIN D. ROOSEVELT."

Non-Deferrable Jobs Defined By WMC

Stressing that the question "What is your job?" is becoming all-important for deferment from military service of otherwise eligible men, the Bureau of Selective Service of the War Manpower Commission on Feb. 2 advised its local boards that there are certain activities and occupations which after April 1 would be "non-deferrable" regardless of dependents. The policy was issued after consultation with and approval by the WMC and the Management-Labor Policy Committee, both of which approved it unanimously. The announcement of the Commission said:

"The memorandum lists (a) 29 occupations as 'non-deferrable regardless of the activity in which they are found' and (b) all occupations as non-deferrable in 19 manufacturing, 8 wholesale and retail trade, and 9 service activities. It is emphasized also that both these lists are preliminary and that both will be added to from time to time.

"Facilities of the United States Employment Service are being mobilized to enable men with dependents, who are in these occupations and activities, to find war jobs. It was pointed out that if the worker did not shift to a highly essential occupation or activity it would be probable that a future extension of the list might again make him subject to loss of deferrable status."

In announcing the new policy the Commission stated four principles for the assistance of men whose occupations are affected by the order:

"1. Work in the listed activities will not only afford the individual no deferment status but is relatively insecure because more and more unessential activities will have to be curtailed as war production requires more raw materials, labor, transportation facilities, electric power, plant facilities, fuel, public services and the like.

"2. As in all other cases, the worker should advise his local selective board of any change of address or status.

"3. Every worker affected by the order should consult with his United States Employment Service office for employment in a war job or for information as to training that will fit him for such a job.

"4. Workers must not go to overcrowded defense centers unless the United States Employment Service has arranged a definite job."

In filling the needs for the armed services, Paul V. McNutt, WMC Chairman, pointed out that most deferments from military service have been made on the ground of dependency. "Dependency," he said, "is an important factor. But, to justify its acceptance as grouped for deferment, a worker must also be making a contribution on the home front."

A brief reference to the new policy appeared in these columns of Feb. 4, page 489.

THE FINANCIAL SITUATION

(Continued from first page)

serve no particular attention. Differences and dissatisfaction now, however, go much further and among the dissidents, often apparently in the majority, are found some of the country's ablest and most disinterested minds. Why is it that these basic issues cannot be reopened, discussed fully and sincerely reappraised without violent controversy and growing embitterment?

Advice Unwanted

There are doubtless several reasons, but two major obstacles are conspicuous. This Administration has always taken the attitude that the fountain of all wisdom and disinterestedness was to be found in itself and in the relatively small coterie of "advanced thinkers" by which it has surrounded itself. It has never really invited criticism from any one on the outside. It has rarely sought—and then with reluctance — advice or been willing to accept, or even to hear, suggestions from any but its political "friends." It has frequently, to be sure, sought out members of the Republican party. Indeed it has appeared at times to try to make a virtue of so doing, but, after all, this is really not a Democratic, but a New Deal Administration—and we may feel well assured that these Republicans fitted well into a predetermined scheme of the things. And as it was yesterday, so it is today. The Administration gives no evidence whatever of wanting suggestions save from its own.

The other major obstacle in the way of what might be termed a truly coalition management of our affairs, and even in the way of harmonious operation, is the want of plain, everyday, straight-forwardness on the part of the Administration in dealing with public questions. It has always preferred "cleverness" to forthrightness. It has always prided itself in its "smartness" in all its dealings. Distrust naturally thrives upon such behavior. One result today is that the public generally has grown into the habit of scrutinizing every move the Administration makes to find its hidden meaning or motive—and all too often finds one. Bona fide meeting of minds is difficult under such circumstances.

Taxes As An Example

The history of New Deal tax legislation affords an example of such dealings. Demand for inclusion of the lower income groups among the taxpayers of the land was met with a scheme which added a good many to the list of taxpayers but which added even more to the load of those groups which had always been paying the taxes. Apparently irresistible insistence upon what has become known as the "pay-as-you-go" plan of income tax payment now results in a proposal from the Treasury which would require the taxpayer to pay on both current income and that of last year. The result is likely to be—if one may venture a prediction concerning a situation which has as a result of the Treasury action become hopelessly confused and confusing—that a bad situation is made worse. The pay-as-you-go plan originated outside of New Deal circles.

The manpower problem, now assuming major proportions, is another excellent case in point. This problem is patently and admittedly in very substantial part a result of the determination of the Administration to raise, equip and maintain armed forces much larger than many think wise in the circumstances. But, retorts the Administration, this is a military matter and must be left to the judgment of military men.

A Military Question?

But is it? The real question is: How large an army can the rest of us support, transport and supply? Is this really a military question? It involves determining the maximum productivity of a diminishing civilian population. The degree in which it is wise to impose hardship upon the rank and file outside of the armed forces must be determined. How far they can be driven without serious impairment of morale? Industrialists, transportation executives, and those, like the President himself, skilled in feeling the pulse, figuratively speaking, of the great mass of our people surely need to be consulted, and to have a voice at least equal with that of the military authorities in such matters. This habit of insisting that all such matters must be left to army officers must, it seems to us, be set down either as the result of loose thinking or else as another "artful dodge."

Then there is another very unfortunate aspect of this debate—the widespread impression that the President is basing his decision in the matter of the size of our armies and the sacrifices all of us are called upon to make in part at least upon his burning desire to win the peace. The President is convinced, so the argument runs, that influence at the peace table will be in proportion to contributions made toward victory, to the sacrifices voluntarily suffered to defeat the common enemy, and he is unmovably determined to have his way in shaping the peace to come. How much truth there is in this theory, we are in no position to know, but the Administration, in light of all the circumstances, can not warrantably feel agrieved that it is charged with being governed by such motives.

Many other illustration come readily enough to mind, but there is no need to labor the point. It is clear enough that the time has come when the Administration is in urgent need of a greater willingness to listen and a much larger degree of straightforwardness in its dealings.

Potter Elected Head Of Urban Land Inst.

Hugh Potter of Houston, Texas, became President of Urban Land Institute at the recent annual meeting of the organization held in Washington. Mr. Potter, the developer of River Oaks, Houston's famed example of neighborhood building, is a past President of the National Association of Real Estate Boards, a former Chairman of the Home Builders Emergency Committee, a Director of the National Association of Home Builders, a Director of the National Committee on the Housing Emergency, a former Chairman of the Houston City Planning Commission, and the recently appointed Chairman of the Post-War Planning Committee of the Houston Chamber of Commerce.

Other officers of the Institute, it was made known Feb. 1, were re-elected to their respective offices. They are: Arthur W. Binns, Philadelphia, Vice-President; Herbert U. Nelson, Chicago, Secretary; and Kenneth E. Rice, Chicago, Treasurer. New members of the Institute's Board of Trustees elected at the Washington Conference were Albert Greenfield, Philadelphia; Guy Greer, New York City; and Mrs. Samuel I. Rosenman, New York City. Three members of the Board were re-elected to serve for additional three-year terms: Louis Brownlow, Chicago; Harry Chandler, Los Angeles; and Walter MacCornack, Cambridge.

The Board of Trustees reaffirmed the basic points of its proposal for rebuilding blighted city areas formulated at its 1942 annual meeting, with amendments, as follows:

"1. The establishment of a Federal urban land commission, to be provided with the funds and powers (a) to extend grants to cities for the purpose of preparing master plans for metropolitan areas, with detailed plans for the redevelopment of blighted areas, and (b) to extend credits to local land commissions for the purpose of acquiring land in blighted areas for redevelopment by private enterprise, as well as for public uses.

"2. The creation of local land commissions for metropolitan areas authorized to acquire land for redevelopment by private enterprise, as well as for public uses.

"3. Redevelopment of land so acquired by private builders shall be under regulations of local land commissions and Federal authorities.

"4. Local taxation of redeveloped areas based on assessed values related to income producing power of the properties."

The officers and staff of the Institute were directed to enlarge this program for presentation to Congress in suitable legislation which would incorporate certain detailed points of general agreement.

The Urban Land Institute also formally urged Congress to establish a committee to study proposals for post-war urban redevelopment and recommend legislation to implement an effective re-building program.

Ask Newsprint Curb Inquiry By House

Advices from Washington this week to the New York "Journal of Commerce" reported that in an effort to "prevent the wrecking of the paper industry, with the inevitable crippling of the press," about 50 House Republicans on Feb. 8 banded together to stop further reduction in paper production and planned concentration of the industry unless such moves are satisfactorily explained to Congress. The advices from which we quote added:

"The group will seek their objective in two ways: By pushing for House approval of the Halleck resolution to investigate the 'general confusion caused by rationing, regimentation, standardization, etc.,' and to get the House Committee on Interstate and Foreign Commerce to contact OPA and WPB regarding the 'next raise on paper.'"

An investigation by the House into the regulation by the War Production Board curbing the use of newsprint paper was asked on Feb. 3 by Representative Halleck of Indiana who declared that the Board's action "could threaten the press of the nation." The views of Halleck and other members of the House were indicated as follows in Associated Press accounts from Washington:

"He (Mr. Halleck) questioned the validity of putting many government regulations within the category of the 'war effort' and, concerning the printing paper curb, observed that the WPB's printing section was required, 'without adequate and reliable figures on total consumption of paper by industries under their supervision, to administer a curtailment program that could threaten the press of the nation.'

"The decision on reduction in use of paper was made somewhere else," Mr. Halleck said in a speech to the House.

Representative Bradley of Michigan said that "the Administration had started curtailing the use of all kinds of paper," and added that he doubted that many of the newspapers were aware of this. He added:

"This Congress should demand that certain policies be changed before the publications of the country are ordered to cut back production to a level that will make it unsound for them to continue in business."

Representative Shafer of Michigan said:

"The hopeless bungling of the manpower problem and the peculiar mental gymnasts of OPA were responsible for the paper production curtailment."

Mr. Halleck's resolution also called for a broad inquiry by the Interstate and Foreign Commerce Committee into Government proposals "with respect to the labeling, production, marketing and 'distribution' of articles and commodities."

Conference On War Work Discrimination

President Roosevelt on Feb. 3, directed Paul V. McNutt, Chairman of the War Manpower Commission, to call a conference to consider ways of giving the Fair Employment Practice Committee powers to meet their responsibilities. The President's action was taken, it is said, because of complaints among minority groups as to discrimination in war employment, especially charges that some railroads are discriminating against Negroes.

A White House statement said:

"For nearly two years, the President said, the Fair Employment Practice Committee and its executive director have done an excellent piece of work, placing workers in war jobs. They, however, have been handicapped by the fact that the members of the committee were working on a part-time voluntary basis, and did not have powers or personnel commensurate with their responsibilities.

"The President said he considers it advisable therefore to review the situation, and that, when the machinery has been established to meet the problem, the hearings in the railroad case and in any other cases which may have been temporarily postponed will be continued."

The Fair Employment Practice Committee was set up in June, 1941, as part of the now defunct Office of Production Management. When constituted it consisted of Mark F. Ethridge, Vice-President and General Manager of the Louisville "Courier Journal," as Chairman; Philip Murray, President of the Congress of Industrial Organizations; William Green, President of the American Federation of Labor; David Sarnoff, President of the Radio Corporation of America; and two Chicago Negroes, Milton P. Webster, Vice-President of the Brotherhood of Sleeping Car Porters, and Earl B. Dickerson, an attorney. Reference to this effect was made in these columns July 26, 1941, page 491.

Gen. Arnold To Speak At N. Y. Luncheon

Lieut. Gen. Henry H. Arnold will be the honor guest and speaker at a luncheon meeting of the Commerce and Industry Association of New York to be held Feb. 18, at 12.30 p.m. in the Grand Ballroom of the Waldorf-Astoria. General Arnold accompanied President Roosevelt to Casablanca for the recent epochal meeting with Prime Minister Churchill and, as Commanding General of the U. S. Army Air Forces, participated in the elaborate plans for a global offensive by the United Nations.

At the conclusion of his address, General Arnold will answer questions, submitted to him in advance of the luncheon.

Davis Appointed Director

Wallace M. Davis, Vice-President of the Citizens-Union National Bank of Louisville, Ky., has been elected a director of the Louisville branch of the Federal Reserve Bank of St. Louis. Mr. Davis was chosen for the unexpired portion of the term of Ralph C. Gifford, President of the First National Bank of Louisville, who resigned as a director of the branch to represent the Eighth District as a member of the Federal Advisory Council.

Post-War Prosperity Hinges on Govt. Cooperation With Industry, Labor, Agriculture Says Sarnoff

In a plea for an American Charter for American business, David Sarnoff, President of the Radio Corporation of America, speaking on Feb. 4 at a meeting of the Chamber of Commerce of the State of New York, said that the great hope for American prosperity and security in the post-war period, depends upon Government cooperation with industry, labor and agriculture. "While I realize the important place which Government must have in the picture of American industry," said Mr. Sarnoff, "I plead for an American Charter for American business. If big business is a crime, business men are entitled to know it. What is declared lawful at one time should not at another be upset by the caprice of bureaucracy. Laws should be changed by legislation, not by bureaucratic fiat."

David Sarnoff

Pointing to the vital importance of science in global warfare, Mr. Sarnoff said that the degree of success in applying wartime developments to a new world in peacetime, will be controlled by social and economic forces over which science has no control. In part Mr. Sarnoff further stated:

"The achievements of science and industry hold out for us the promise of a great post-war prosperity—but only if the individual enterprise of our citizens makes it a prosperity for all our people. Peace for only a segment of the globe and prosperity for only a section of our people will not be enough. Our constant efforts must be to make them universal. Neither industry alone nor labor alone nor agriculture alone can provide prosperity and security for all. But Government, which represents all of us, can, in cooperation with industry, labor and agriculture, help to make the entire nation prosperous and secure.

"The accomplishments of science and industry, expressed through the American competitive system of private enterprise, can be used to create employment for labor and for capital, and to stimulate national prosperity.

"Where private enterprise is able and willing to meet the needs of society, it should not be the function of the Government to create industrial enterprises or to finance them, or to run them; or to employ labor, or to operate our vast agricultural system. The Government's function should be that of an umpire to see that each segment of society plays its part in accordance with the rules and fulfills its obligations to the community as a whole. In performing that task the Government would do a great deal to assure stability to our economic life."

Mr. Sarnoff went on to say that "the old idea of a vested interest on the part of business, and the new idea of a vested interest on the part of labor, and the still newer and more dangerous idea of a vested interest on the part of a government bureaucracy must give way. None of these can have a vested interest that runs against the common welfare of society." He likewise said:

"American business is doing its share in mobilizing this great country's resources for the war. It will do its share in helping to create and maintain a prosperous world-wide peace. Free enterprise, under a free Government, will have the responsibility as well as the opportunity of giving to problems of employment, prosperity and security, the same brains, the same vision and the same concentration, which it has given to the problems of industrial science and production."

Mr. Sarnoff further said:

"The achievements of science in communication and aviation have wiped out geographical barriers, and have made the world a neighborhood in which no one's welfare can be separate from his neighbor's. When this war to save civilization has ended, there can be no peace for us as a nation unless there is peace in the world as a whole.

"To say that our isolation is henceforth impracticable is not to say that our internal problems have lost their importance or that their solution is less pressing. The contrary is true. In world affairs, we shall be able to serve others and ourselves efficiently only if our own house is in order. One of our contributions to world recovery and rehabilitation must be the assurance in our own society of the freedoms we have proclaimed to the world."

Mr. Sarnoff, who spoke under the caption "Post-War Horizons," said that after all the treasure has been spilled across the battlefronts, enough potential resources will remain to feed, clothe and house the world's population. Looking ahead to the post-war era, he envisaged bread in place of bullets, and farm tractors in place of tanks, while cargo ships will carry products of farm and factory to millions needed by a world at peace. There is no magic formula for the future, he said, and if global prosperity is the aim, it can be achieved only if global war is followed by global peace. Continuing, he said:

"Our hope for a future world economy of abundance is founded upon much more than pre-war standards of prosperity. It is based upon the promise of industrial science. The old frontiers of the world were frontiers of geography. The new frontiers are those of science. The covered wagon of the present day is the research laboratory.

"Progress in the field of radio and electronics has advanced on the same broad front with progress in other fields of science and industry. It is radio which has made possible a war of speed and mobility on land, at sea and in the air. Radio-electronic sentinels stand watch on shipboard and along the coast. The United States now has fighting forces stationed at more than sixty strategic locations on the world map. Its Navy operates on the Seven Seas. Without instant, reliable radio communication it would be impossible for these widespread forces to function as a unified war machine."

Senate Confirms Lee

The nomination of former Senator Josh Lee of Oklahoma as a member of the Civil Aeronautics Board was confirmed on Feb. 1 by the Senate by a vote of 46 to 31. Mr. Lee, who was defeated for reelection last November by Senator Edward Moore, Republican, was nominated by President Roosevelt on Jan. 11, for the remainder of the term expiring Dec. 31, 1943, to replace George P. Baker, resigned.

Thirty Republicans and Senator Tydings (Dem., Md.) voted against confirming the nomination. Joining the Democratic majority in favoring Mr. Lee were three Republicans: Senators McNary of Oregon, the minority leader, Capper of Kansas and Davis of Pennsylvania.

Selective Service Now Furnishing Men For All Armed Forces

On Feb. 1, Selective Service, through its local boards, began to furnish all men between their 18th and 38th birthdays required to fill combined calls of the Army, Navy, Marine Corps and Coast Guard. The Selective Service Bureau of the War Manpower Commission explained that all registrants ordered by local boards to report for induction will be delivered to jointly operated induction stations and there they will be physically examined by Army and Navy personnel. Those meeting physical requirements agreed upon by the War and Navy Departments will be apportioned to the services. The Bureau's announcement further stated:

"Under the new program, while registrants between 18 and 38 who are classified as available for military service will be sent to jointly operated induction stations, it will be the responsibility of the Army and Navy personnel at the joint induction stations to assign the individual registrant to the particular service for which he appears to be best qualified. However, at the induction stations registrants will be permitted to express their preference for the Army, Navy, Marine Corps or Coast Guard and that prefernce will be given the fullest consideration practicable. In the event that no vacancies are available in the preferred service, registrants will be assigned to that service for which the military assignment board at the joint induction stations find them best fitted.

"Registrants may apply for induction through their local boards in advance of their order numbers, by executing Selective Service Form 165, indicating the service which they prefer. They will be assigned to that service insofar as they are qualified and vacancies exist. Local boards were cautioned, however, that such registrants should not be given positive assurance that they will be inducted into the service for which they indicate preference.

"Furnishing by Selective Service of all men between the ages of 18 and 38 required by the various services is in accordance with the Executive Order of Dec. 5, 1942, prohibiting enlistments in that age group by any one of the services. The services may continue to enlist men outside the 18 to 38-year-old age group.

"In the last war, the Navy and Marine Corps obtained men through Selective Service in October and November of 1918. Prior to that time they had enlisted all necessary manpower. The Navy obtained 3,394 men through Selective Service in 1918, while 6,529 were inducted by the Marine Corps.

"Under the present program, requisitions of the Secretary of War and the Secretary of Navy will be combined in Selective Service National Headquarters and each call placed on the States and the local boards will be a combined call for a stated number of men.

"At the induction station, where registrants will be physically examined by Army and Navy personnel, physical standards agreed to by both services will prevail in the selection of men ordered up to fill the call and those registrants who meet the requirements will be assigned proportionately. This proportionate assignment will be made whether the call is filled or not. As explained by Selective Service, if in the combined call the Army asked for 80,000 men and the Navy asked for 20,000 and only four-fifths of that number, or 80,000 registrants, met the physical requirements, the Army would be assigned 64,000 men, or four-fifths of their original request, while the Navy would be assigned 16,000 men, or four-fifths of its original call.

"This apportionment applies only the the men who meet the single set of physical standards agreed upon by both the Army and Navy, which are higher than those now applied by the Army. If after the apportionment of general service men on a particular date, the Army decides to accept some registrants whose minor physical defects prevent them from meeting the higher standards it may do so. Registrants not accepted by either service will be returned to their local boards for reclassification."

Home Builders Assured On War Housing Aid

The National Association of Home Builders of the United States recently concluded a special two-day conference (Jan. 18-19) in Washington at which the leading private contractors reviewed with officials of government agencies the many vital problems facing the industry. The discussions mainly concerned the effort to speed the almost halted status of housing in war industry cities but also emphasized the financial expectations and aid which private builders may expect to complete the 1943 program.

Heading the group of Federal officials taking part in the conference was John B. Blandford, Jr., Administrator of the National Housing Agency, who expressed confidence in the ability of the industry to meet the war housing need.

In his discussion, Administrator Blandford assured confidently that the existing War Housing Standards would soon be relaxed. The revised or amended war housing standards, which have been under consideration between WPB and NHA for some weeks, seemed to hinge, it is indicated, upon the question as to whether lumber or masonry States should be outlined specifically in the Standards themselves. Builders from many sections countered with the fact that they might be located in a State where the use of lumber was restricted, yet plenty of lumber available. Mr. Blandford's explanation that while this might be true, Army or Navy requirements might requisition the lumber to be shipped, but assured an amicable solution of the matter, and the certainty the long-awaited standards would be issued within a matter of days.

Further in his open discussion to the builders, he advised that present FHA funds would permit private industry operations until March 1, and that before the builders again experienced a reoccurrence of last October, when they were without funds to continue, a new appropriation would be requested.

In discussing the vital need for private constructors to continue doing their war housing job, Administrator Blandford said:

"I was explaining a process by which we dressed, made palatable and rationalized actually what kind of construction we have in mind for the private builders. 170,000 new starts are permitted under these new war housing standards, called temporary or permanent, anything you choose. As I understand them, the new standards coming out are liberalized, providing for larger room spaces—and these have been decided after deliberation between the War Production Board and the National Housing Agency. Keep in mind when we speak of particularly private priorities, the sort of construction that you are referring to is something that I think we have to go into a bit more. We would like to explore it in terms of specific projects. Our only concern is over that type of really temporary housing that has perhaps a little marketability after the war."

Attending the conference, which was the largest meeting of its kind ever held by the Association, were building representatives of over 300 American communities, as well as representatives of banking, insurance and other lending institutions. The general consensus, it is said, seemed to be that the terrifically nagging problems which have slowed up the home builders could, and would, be adjusted.

N.Y. Chamber To Make Study Of Proxy Rules Effect On Corp. Mngmt.

The Chamber of Commerce of the State of New York was authorized by its membership at the monthly meeting on Feb. 4 to undertake a study of the effect of the present proxy rules on corporate management. It is understood that this study will be one of the most comprehensive ever made of this subject and will be of several months' duration.

At the same time the Chamber adopted a report of its Special Committee on Corporate Management, of which William de Kraft is Chairman, urging Congress to pass the Wolverton bill which would freeze the proxy rules which were promulgated prior to Nov. 1, 1942, for the duration of the war and six months thereafter. Declaring that the Chamber was in favor at the appropriate time of any revision of the proxy rules which would simplify them and at the same time disclose adequate information to stockholders, the report said:

"The Chairman of the Securities and Exchange Commission has, effective Jan. 1, 1943, promulgated certain changes in the proxy rules which have been in existence since the creation of the Commission despite the fact that the managers of corporations are burdened with many forms of questionnaires, reports and rules which have been imposed upon them by the various bureaus of the Government.

"The changes which have been promulgated and which are not necessary for the protection of the small stockholders will undoubtedly promote controversies between stockholders and management; will tend to make proxy statements to stockholders costly in terms of time of management when clerical help is at its lowest ebb; will tend to confuse stockholders because of the voluminous matter which is not easily understood by the average stockholder; will create new liabilities on director management for which no need has been shown; and will require disclosure of internal information which in time of war should not be permitted."

Pan American Publications

The Pan American Union, Washington, has available for distribution to schools, clubs, civic and other organizations making plans for the annual continent-wide celebration of Pan American Day on April 14 a limited supply of material designed to meet the requirements of all groups arranging programs for the occasion. The material in the special Pan American Day publications feature the successive steps taken by the American Republics with relation to the war and the indispensable mineral and agricultural products which the nations are supplying for the conflict. There is also a series of articles on each of the republics giving an overall picture, including geography, history and principal products. Requests for a list of the material should be addressed to the Pan American Union, Washington, D. C.

To What Extent Is A Pay-As-You Go Plan Feasible?

(Continued from first page)

The Victory tax, however, is quite a simple tax. It has *one exemption level* and *one tax rate.* It disallows many deductions (non-business interest and taxes; charitable contributions, etc.) to which we have been accustomed. It eliminates capital gains and losses. It provides for no earned income credit. And, finally, even that tax itself, simplified as is its computation, is to be paid *currently* only on compensation. And while the "deduction at the source" plan could doubtless be extended under it to some other forms of fixed income (corporate interest and dividends, for example) these deductions could not, as the law stands, be extended to business incomes, rents subject to allowable expenses, and other similar kinds of income.

This, then, is the problem that the thorough going pay-as-you-go basis of taxation, implicit in the Ruml plan of forgiving the 1942 tax debt, poses for us. How, to be concrete, shall we measure the tax payments to be made in 1943 on 1943 income *under the present rate, exemption and other basic provisions of our Revenue Act?* How shall we ensure that these *payments approximate the final tax liability on the income to be taxed,* so that any adjustment required is relatively minor? For it is necessary to insist once more that, unless this is done, the pay-as-you-go plan, with its forgiveness of the 1942 tax debt, represents a bold and laudable aspiration, rather than a feasible plan.

II

Before attempting an answer to these questions, it will be well to explore more fully the problems involved in measuring current tax payments based on current incomes *under our existing tax laws.* While most taxpayers are vaguely familiar with the general facts, no adequate appreciation of the problem appears to exist. Nothing proves this so well as the popular belief that the shift to a current payment plan is merely a matter of establishing a legal fiction, comparable to our change to daylight savings time. But such a fiction alone would mean, merely, that we continue to pay as at present, considering the payments in any year, although based on income for preceding year, to be applicable to the income for the year in which made. If this has any actual significance at all, one might well ask *at what point,* or *under what circumstances* would the payments, *so measured, cease to be a liability* for the current year? In point of fact, the fiction alone would accomplish absolutely nothing of substance, so far as the achievement of a pay-as-you-go basis is concerned.

The heart of the problem is, as stated, to get an approximate measure for weekly or monthly, or even quarterly, tax payments due on income *of the corresponding period.* With respect to certain forms of income, we venture to say now that that is not only impracticable, it would not be desired by the taxpayers themselves, even with the bonus of a cancellation of 1942 taxes thrown in.

III

Principal among these "forms" of income unsuited to any pay-as-you-go plan are the business incomes of individuals. The Revenue Act of 1942 itself recognizes that even a year, as applied to these incomes, is not a satisfactory basis for a final determination of the tax. And so, it allows net operating loss "carry-overs" and "carry-backs" which now put business incomes for tax purposes on substantially a five-year basis. We do not argue that it would be impossible for taxpayers in business to estimate their monthly or quarterly incomes and pay some tentative tax on that basis. We merely inquire what would be accomplished by the introduction of so elaborate a mechanism into the tax collection system; particularly since, where other kinds of income are involved, the rate of taxation also must be guessed at. And again, by what method would the net-loss provisions be taken into account in the computations, especially if the year of 1942 is stricken out of tax computations?

Similar considerations apply to capital gains; and to other forms of individual incomes, such as rents, which are subject to deductions before the "net" can be computed. Some of these might be estimated for the purpose of making current payments; but others, such as capital gains, certainly can not. Yet, like business incomes, they must be taken care of in any pay-as-you-go plan, if in no other way than by *exclusion* and *separate tax.*

These are the problems created by the varying forms of individual incomes. Those created by the rate and exemption structure of the law deserve still greater consideration.

The exemption problem is felt chiefly *at the lower income levels, where its effects are most painful.* Present exemptions are $500 for a single person, $1,200 for a married person, and $350 for each dependent. Thus, a married person with two dependents (a very common status) must reach a gross income (optional tax plan) of about $2,100 before he becomes subject to regular income taxes. On the other hand, a married person with no dependents and the same gross income (also a very common status) would have a tax of $137.00; and a single person, a tax of $266.00. At the $2,500 gross income level, the rates would be:

Married person (2 dependents)	$73.00
Married person (no dependents)	203.00
Single person	335.00

To taxpayers at these low income levels, such differences are substantial. If you use a deduction rate at the source that fits, say, the married person with no dependents, the weight of the deduction would bear so cruelly on the one with two or three dependents, that not even the certainty of an eventual refund would alleviate his distress. On the other hand, if the rate appropriate to the latter were used, what had become of the pay-as-you-go basis? Yet, if numerous rates of deduction are used to fit varying conditions, the burden on payroll offices would become intolerable.

But serious as are the problems arising from the varying exemptions allowed by present law, those resulting from the rate structure are worse. It is not necessary to linger long on this point, for it is one familiar to all. Under our present Revenue Laws, different levels of income are, as almost everyone knows, taxed at different rates. For a married person (no dependents) the ratio of taxes to income (including net Victory Tax) is about 7.4% at the $2,000 level; 11.3% at the $3,000 level; 15.4% at the $5,000 level; 21.0% at the $10,000 level; and 46.7% at the $50,000 level. Consequently, to know the approximate amount of tax attaching to any portion of this income received during any month or quarter of a current year, one would have to know the approximate amount of the income for the *entire year,* less the allowable deductions. These, of course, might be capable of estimate by the taxpayer, but even those taxpayers who would stand to reap some *immediate* benefits from the shift might well recoil at the prospect. And yet, the commonly assumed alternative of deductions at the source or sources is obviously impracticable. And yet, again, if these taxpayers at the higher income levels are to wait until their income for any year has been computed before paying their taxes (over and above the relatively minor part thereof deducted at the source), in what way, may it be asked, is the proposed plan of payment substantially different from the present one? If, however, they are to be excluded from the plan, should their 1942 tax debt be cancelled? Or in what other way are they to be taken care of?

These are obstacles, obvious and high, that stand squarely across the path of any current payment plan which begins with the cancellation of tax debts on 1942 incomes. They may not be insuperable. Some can be leveled down and others evaded. But the country will be off to a very bad start on its pay-as-you-go plan if it neglects to consider them.

IV

Despite all that has been said, most taxpayers will doubtless continue to feel that the thing to do is to let the 1942 tax debt go, pass a stiff withholding tax, and wait until 1944 for the payment of the difference. In view of the obvious impracticability, under present laws, of any withholding tax that will at once do justice to taxpayers at the low-income, high-exemption levels and, at the same time, capture any substantial part of the larger taxes due from others, let us merely point out that such a plan, simple though it may seem, *is no more a pay-as-you-go plan* (excepting for those at very low income levels) *than the present method of payment.* It is, in fact, with the minor exceptions noted, merely that present method, with a withholding tax added to it. In the long run, not even those who might temporarily escape a 1942 tax debt under it, would want such a plan. It represents nothing but a paved, four-strip highway to an inflation that might well cost the war and would certainly lose the peace.

As previous analysis discloses, any feasible and *real current payment plan* requires that the current tax payments be based upon some determination and return of the taxpayer's *annual* income, past or current. No practicable alternative to this can be developed that will provide for the payment within the year of the approximate amount of the liability attached to the income for such year. This means, to be specific, that 1943 tax payments must be measured either by 1942 actual or 1943 estimated *annual* income. And since the income pattern of any acceptable estimate for 1943 would likely be, in most cases, the 1942 actual, we are forced back to an acceptance of the present basis of measuring 1943 payments by 1942 income. What, then, could the forgiveness of the 1942 tax debt accomplish? And what, under such circumstances, can any pay-as-you-go plan achieve?

There is only one escape from the hard clutches of these conclusions. That is, briefly, as follows:

1. Returns of 1942 taxes will be filed by all taxpayers as usual.

2. *Assuming for the moment that some satisfactory* (i.e. to Congress and taxpayers) *plan of deducting at the source the approximate amount of taxes on incomes at lower levels* (say $3,000 and under) can be developed, the taxpayer will be allowed to take credit for such taxes to be withheld, based on his 1942 income subject to withholding.

3. The taxpayer will pay on March 15, 1943, or in quarterly installments as at present, any excess of his tax as above computed over the amount to be withheld.

4. On or before March 15, 1944, the taxpayer will file a return of 1943 income which will become at once (a) the measure of his final tax liability for 1943; and (b) the measure of his 1944 payments, after deduction of the credit for 1944 withholdings.

5. Any excess of tax for 1943 over amounts previously withheld, plus amounts directly paid, will be payable upon filing of the return in full. Any excess of payments will be credited to the 1944 tax liability (after deduction of the amounts to be withheld) or otherwise refunded.

Admittedly this may seem somewhat involved at first reading. Actually, with carefully considered forms of returns, it would be found to be much more simple in practice than the present involved system of two separate individual income taxes, with different rates and different exemption levels, and based upon two (or, if we take into account the earned income credit and partially exempt interest) three different income levels.

Again putting to one side for the moment the possibility of getting the consent of Congress and the taxpayers to a tax scheme that will lend itself to a feasible withholding tax, let us first enumerate briefly what this proposed plan will accomplish.

1. It provides a completely determined annual income as a base for the measurement of the tax. This we take to be an essential condition of any feasible plan.

2. It establishes a *formula* by which a stiff withholding tax might be *integrated with the regular income tax provisions* and *be put into effect in 1943.* This is really the prime objective of any pay-as-you-go plan. The plan proposed accomplishes it by dividing the *tentative* tax liability for any year, say 1943, into two taxes, both based on 1942 income; a withholding tax and a regular tax. Thus, the taxpayer gets an immediate credit for the estimated 1943 tax to be withheld, and is protected against large overpayments due to a sudden drastic decline of income. In other words, "overpayments" could not exceed the difference between the regular tax on income of preceding year and that on income for current year, which, at lower income levels and under a proper withholding tax, would be relatively small. At the same time, the Treasury Department is automatically protected by the limitation that the measure for withholding must be the same as that for the total tax.

The following computation, in which all figures used are arbitrary, illustrates this:

Taxable Income 1942	$3,000
Total Tax	340
Withholding Tax	325
Regular Tax	15

If in this case the taxpayer's income should drop to $1,200 in 1943, resulting in no tax, the only overpayment would be the $15 plus the amount, if any, that happened to have been withheld on the $1,200. This would be refunded under such circumstances in 1944 after the final return for 1943 showing no tax for 1943 and no tentative "regular" tax for 1944.

3. It provides that the return filed in any year will be at once the measure of the final settlement of all taxes for the preceding year and the measure of the tentative liability for the current year; thereby simplifying the collection and reporting mechanism.

4. It requires an immediate settlement on or before March 15 of any year of any remaining tax debt for the preceding year. Thus, all taxes on 1943 income will be paid by March 15, 1944, instead of Dec. 15, 1944. (The major part is paid, of course, in 1943.)

5. It reduces "refunds" to a minimum because the mechanism allows "overpayments" due to a decline of income below the level of the preceding year to be credited against the tentative liability for the next year.

6. If a taxpayer faced with a rising income desired, he could be easily allowed to bring all his payments to a current status by measuring both his regular and his tentative tax liability by the increased level of income. (However, the full report for the preceding year will always be required.)

7. Finally, as has been indicated, the plan compels that the withholding tax base be integrated with regular income tax provisions, and our present system of two taxes based on two different computations of income be abolished.

V

In the foregoing discussion, we have assumed that some satisfactory "deduction - at - the - source" plan that will capture a large part of the taxpayer's current liability can be developed.

With our present tax structure that objective certainly can not be achieved, particularly in the very vital income range of $1,000-$3,000 where witholding is most needed and desired. This results from the fact that the Victory Tax which (except for the post-war credit) applies uniformly to all incomes over $624 a year is superimposed on a tax that starts at 19% (disregarding the earned income credit) on taxable incomes over $500 a year for single persons, $1,200 a year for married persons with no dependents, $1,550 for those with two dependents, $1,900 for those with three dependents, and $2,250 for those with four dependents; all very large income groups.

The following table and chart showing taxes (Victory tax after post-war credit plus regular income) for various income levels of married persons with none, one, two, three and four dependents illustrates this so clearly that no elaborate analysis is necessary.

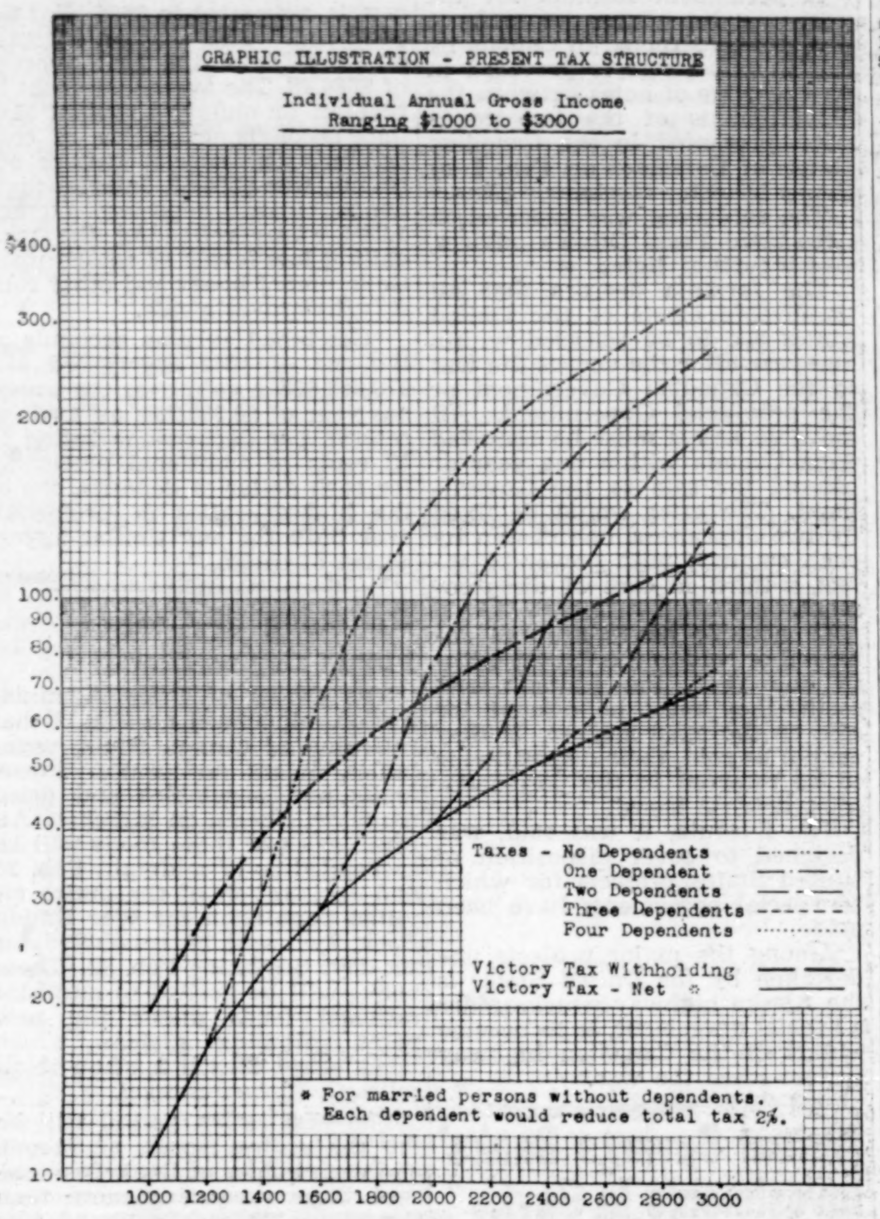
Regular and Net Victory Taxes—1942 Revenue Act 10% of Gross Income Allowed as Deductions

Gross	Dependents				
Income	0	1	2	3	4
$1,000	$11	$11	$10	$10	$10
1,100	14	14	13	13	12
1,200	17	17	16	15	15
1,300	20	20	19	18	18
1,400	**31**	23	22	21	20
1,500	**47**	25	25	24	23
1,600	**66**	28	27	26	25
1,700	**86**	31	30	29	28
1,800	**105**	**43**	33	32	31
1,900	**125**	**58**	36	34	33
2,000	**144**	**77**	39	37	36
2,100	**164**	**97**	41	40	38
2,200	**184**	**116**	**53**	43	41
2,300	**203**	**136**	**69**	45	44
2,400	**223**	**155**	**86**	48	46
2,500	**242**	**174**	**105**	51	49
2,600	**261**	**193**	**125**	**65**	51
2,700	**281**	**212**	**144**	**80**	54
2,800	**301**	**232**	**164**	**95**	57
2,900	**321**	**252**	**183**	**114**	60
3,000	**340**	**272**	**203**	**134**	**76**

Horizontal lines indicate where regular tax begins to be effective.

We are not concerned here with considerations relating to the advisability of opening the door in a basic tax plan to credits for marital status and dependents, and practically closing the door to such credits in an income tax superimposed on the basic tax. We say simply that such a multiple plan of income taxation effectively prohibits any *feasible* deduction-at-the-source tax, as just a simple inspection of the foregoing tabulation proves. At $1,300, for example, the rates of taxes for everyone in the groups analyzed are practically the same. Then, differences in rates of taxation begin to crop out all along the line. At $2,000 the rates are: 7.2%, no dependents; 3.9%, one dependent; 2.1%, more than one dependent. If we travel up to the $2,500 level, these differences (substantial for the taxpayers concerned) begin to grow more complex. No feasible plan of withholding can encompass them.

There is thus no escape from the conclusion that if we wish to get a pay-as-you-go plan, based on a withholding tax, we must integrate the Victory Tax with the



regular tax provisions, either by (1) abandoning that tax above the levels at which the regular tax begins to operate; or (2) by drastically modifying, if not entirely eliminating, the credits for dependents in the basic tax provisions.

To accept the latter alternative would involve the abandonment of a social consideration that has been recognized in our individual income tax laws almost from the beginning. If we accept the former (which involves, it should be pointed out, the conformance of many regular tax provisions relating to deductions with those of the Victory Tax) the problem becomes enormously simplified, although still not without considerable complications.

We have assumed here and throughout that any withholding tax which requires payroll offices to take care of more than two exemptions would be intolerable. Payrolls must be quickly computed, and the margin of time which most large offices allow themselves is very small. Two exemption rates which would not change for any given employee during any year of employment could doubtless be handled. Further complications would imperil pay-days throughout the country, particularly now when man power is short and accounting machinery unobtainable.

If we are willing to sacrifice the Victory Tax above the levels at which the regular tax provisions begin to operate, satisfactory withholding rates based on gross income that will take as much, or if desired more, than present rates can be readily established for single men and married men with no dependents. Thus a witholding tax on single persons of 20% of gross income over $10.00 a week would provide a tax at all levels of income in the $1,000-$3,000 range, practically the same as the present Victory and regular tax, after deduction of the post-war credit. Similarly, a withholding tax of 20% of gross income over $25.00 a week on married persons (no dependents) would provide a tax substantially the same for all incomes in the range $1,400-$3,000. It would not, however, capture the Victory taxes now levied in the $1,000-$1,300 level. See preceding tabulation.

Here, however, we come face to face with the problem created by dependency exemptions in a withholding tax scheme. It may be illustrated by a few examples given in the following tabulation.

Gross Income	With-holding Tax*	Present tax with dependents 0	1	2	3	4
$1,300	—	20	20	19	18	18
1,500	40	47	25	25	24	23
1,800	100	105	43	33	32	31
2,000	140	144	77	39	37	36
2,400	220	223	155	87	48	46
2,800	300	301	232	164	95	57
3,000	340	340	272	203	134	76

*At 20% of gross income over $25.00 a week.

Horizontal lines indicate Victory taxes.

This tabulation reveals clearly the prices that must be paid for a satisfactory pay-as-you-go plan, based upon an acecptable withholding tax. It may be briefly summarized as follows:

1. We must be willing to forego the Victory tax above the levels at which the regular tax provisions begin to operate. To withhold at these lower levels at any rate that would begin to capture any substantial part of the taxes that must be levied at higher levels is wholly impracticable.

2. We must narrow the credit for dependents so that the tax withheld for the dependency group selected to measure such tax does not fall so far below the tax liability of taxpayers with lesser dependents as to defeat the purposes of withholding.

3. We must simplify the deduction provisions of the statutes so that gross income is more nearly the measure of actual income, as it is in the case of the Victory tax.

It is no part of this article to define or suggest tax policies with respect to the income groups here affected. The definition of the difficulties that lie in the path of a satisfactory pay-as-you-go plan, and the conditions under which they can be overcome or evaded, in other words, the essential conditions of such a plan, are all that concern us. However, by way of illustration and comparison with the previous tabulations of taxes under present rates, there is inserted the following comparison of a possible withholding tax on married persons with a tax of 20% on gross incomes, based on exemptions stated:

Gross Income	With-holding Tax	*Tax with following dependents 0	1	2	3	4
$1,300	--	$40	--	--	--	--
1,500	$20	100	$60	$20	--	--
1,800	80	160	120	80	$40	--
2,000	120	200	160	120	80	$40
2,400	200	280	240	200	120	80
2,800	280	360	320	280	160	120
3,000	320	400	360	320	200	160

*Exemption, married person $1,000; each dependent $200. This is not presented as a proposed plan of taxation, merely as an illustration of the part under discussion.

In this illustration, the married person with two dependents is selected as the basis for fixing the withholding rate. Thus provision against overwithholding for persons with more than two dependents would have to be made by some form of "stop" notice that employees in these groups would be allowed to arrange with their payroll offices when their full tax liability has been withheld.

In the development and application of the withholding formula, the objective of the withholding must be borne in mind. *This objective is to capture at the source a substantial part of a tax, the liability for the payment of which rests on the taxpayer and the responsibility for the collection of which rests on the Treasury Department.* This principle appears to have partly been forgotten in the withholding provisions of the Victory tax. It must be borne in mind here if every payroll officer in the country is not to be converted into a tax collector.

Plan For New Civilian Supply Office Offered

Pointing out that a positive aproach to civilian production and essential civilian manpower recruiting could benefit both the war and civilian economy, the Bureau of Smaller Stores of the National Retail Dry Goods Association has filed, with the Senate Small Business Committee, a suggested outline of the functions of an independent office of civilian supply, or civilian supply administrator. In its announcement Feb. 3 the Association said:

"Most smaller store men feel that, given an adequate supply of civilian goods to sell, a minimum of manpower or womanpower to staff their stores, and comparative freedom from unnecessary regulation and interference, they can weather the war-time hazards of small retailing, comply with important regulations and overcome all potential difficulties.

"With this in mind, the NRDGA group has recommended a set-up under which civilian supply would be the object of positive and aggressive attention — stressing, however, that war needs should come first. The statement filed with the Senate Committee sets out in more detail, the thinking of the smaller store operators as to the details of the plan. It recommends a civilian supply administrator, charged with the following functions:

"1. Locating and defining, as exactly as possible, in terms of tons, yards, gallons, pounds, etc., the present supply of basic civilian consumption materials, the possible and probable supply of the same materials for each of the next several years.

"2. Locating and defining manpower and machine resources available and essential to the production, processing and distribution of those materials.

"3. Submitting that information to the War Production Board, whose charge it would be to define war needs in those commodities against periods coinciding with the periods for which figures are submitted.

"4. Presenting the needs of the civilian economy as against the war production needs before the Board of Economic Stabilization whose function it would be to sit as an impartial referee over the pleas of the two agencies and render a decision on the basis of information submitted. War production needs would, of course, always carry priority within defensible limits.

"5. Taking the margin of material and manpower after the decision or allotment by the Board of Economic Stabilization and:

a. Through simplification, standardization and development of new products make the most efficient use of the basic material;

b. Through inventory control and allocation by manufacturer assure the most economic and equitable distribution by region and outlet, with special attention to the needs of smaller retailer and of special areas of demand.

"6. Work with all other agencies and with prime producers toward the production of more materials essential to the whole civilian economy."

Marine Ins. Co. To Show Small War Loss

American marine insurance companies, after 3½ years of actual war experience during which they have written approximately $17,061,000,000 of war risk insurance on shipping, are expected to show only a small loss on their overall operations despite the heavy sinkings, particularly during the past year, according to figures published by the American Institute of Marine Underwriters.

In summing up the activities of the marine insurance companies over the period from June 1939, when writing of marine war risks first started, to the close of 1942, the Institute on Jan. 29 said that "these war risk underwriting operations, including both cargoes and hulls, have resulted in a credit balance of $11,168,691, representing the difference between premiums of $243,036,298 and losses paid and outstanding of $231,867,607. It is pointed out, however, that this balance is a gross sum from which must be deducted taxes and overhead expense of the companies participating, and that these are expected to exceed the amount of the credit balance."

The Institute's announcement further stated:

"Opinion among the marine underwriters, as a result of their war experience, is that the basis on which the war risk insurance has been written, figuring out around 4½%, has been slightly inadequate to meet taxes and operating costs and furthermore left no provision for reserves to cover the temporary and speculative nature of the business.

"Of the total insurance written, cargo insurance represented $13,252,000,000 and hull insurance $3,809,000,000. Cargo insurance, which is cleared through the American Cargo War Risk Reinsurance Exchange and the risks apportioned among the individual companies, showed a credit balance of $35,640,308, representing the difference between net premium income of $206,887,461 after adjustments and Exchange expenses, and losses paid and outstanding of $171,247,153.

"Volume of war risk cargo insurance being written currently through the Cargo Exchange is materially less than heretofore, due to the limited amount of export cargoes and the fact that Government is insuring a substantial part of imports, particularly foodstuffs, at non-compensatory rates.

"The credit balance of $35,640,308 on cargo war risk insurance was offset by a debit balance of $24,471,618 resulting from the operations in insurance on hulls, representing the difference between net premium income of $36,148,837, and losses paid and outstanding of $60,620,454.

"Hull insurance has been carried out through the American Marine Insurance Syndicate to which the leading marine insurance companies belong. The Syndicate discontinued writing war risk hull insurance during 1942 when hull insurance was taken over entirely by the War Shipping Administration. By the end of the year it had practically wound up its war underwriting operations. At that time only one ship remained as a risk with outstanding insurance of $847,000."

NY Savings Banks Up Govt. Bond Holdings

New York State savings banks were responsible for the investment of over $685,000,000 in U. S. Government bonds during 1942, according to preliminary figures issued by the Savings Banks Association, on Feb. 5. On this amount, $370,000,000 represents the increase during 1942 in government bond holdings by the savings banks for their own account and $315,532,000 represents War Bonds and Stamps sold by the savings banks either over the counter or through systematic savings plans. They also operate over 166,000 pay-roll savings accounts in cooperation with the War Savings Staff of the United States Treasury.

Despite the fact that the net gain in savings bank deposits for the year was only $20,379,000, their holdings of United States Government issues increased from approximately $1,950,000,000 at the end of 1941 to $2,320,000,000 at the end of 1942—an increase of about 19%. The announcement from the Association also said:

"Increasingly important to the large volume of War Bond sales are the pay roll and other systematic savings plans currently in operation in most savings banks. At present the savings banks are operating pay roll savings plans for 3,124 employers with over 166,000 employees. These plans, most of which were put in operation late in 1942, have already accounted for the sale of some 365,000 individual War Bonds. In addition, over 15,000 people are saving regularly for War Bond purchases through savings bank Victory Clubs. Both of these plans enable people to save a fixed amount each week out of their current earnings and provide a convenient, safe method for regular War Bond buying."

FDR Asks $4 Billion More For U. S. Navy

President Roosevelt asked Congress on Feb. 5, for an additional $4,000,000,000 cash and $210,000,000 of contract authorizations for the Navy. In submitting the request to Congress the Budget Bureau said the funds were needed to "provide for additional requirements for the prosecution of the war," and "to provide for contingencies which have arisen since the transmission of the budget for the fiscal year 1943."

The breakdown of uses the Navy intends for the additional funds included:

Miscellaneous expenses, $7.500,000; research laboratory, $350,000; operation and conservation of naval petroleum reserves, $2.900,000; naval reserve, $48,000.000; training, education and welfare, $4,845,000; maintenance for the Bureau of Ships, $850,000,000; ordnance and ordnance stores, $1,000,000,000; pay, subsistence and transportation, $494,968.000: medicine and surgery, $67,000.000; yards and docks, $800,000,000; aviation, $562,000,000; armor, armament and ammunition $417,000,000.

Free Enterprise Must Be Fostered After War Declares Nova Scotia Bank President

That free enterprise "has a major part to play in providing a large enough production of goods and services to make economic security a reality," in the post-war readjustment was the statement made by J. A. McLeod, President of the Bank of Nova Scotia, at the annual meeting of the stockholders of the bank at Halifax on Feb. 3. Mr. McLeod went on to say:

"Indeed, one of the principal functions of the Government should be to encourage the return of conditions which will give freer play to individual initiative and progress. There need be no real contradiction between Government policy and freedom of enterprise. Let us not fall into the error of regarding freedom of enterprise as the mere absence of Government intervention. Let us recognize that private monopoly is not free enterprise and that State regulation in such cases is not an encroachment upon, but rather a protection of, individual rights. Let us also recognize that in the realm of tariff policy, immigration, and international agreement generally, the Government is in a position to foster conditions in which free enterprise may thrive."

At the same time it was pointed out by Mr. McLeod that "one of the questions about which there is now a good deal of public discussion concerns our wartime controls." "There is no economic reason," he said, "why this should be a major problem. In the main, the wartime controls have been designed to combat the effects of shortages, and they should be removed, not immediately, but gradually as the shortages are overcome and as the maladjustments between demand and supply are corrected."

With respect to the increase in control problems, President McLeod had the following to say:

"The future promises no easing in the problems of price control. Generally, the upward pressure on prices is indicated by the large excess of purchasing power over prospective supplies of civilian goods, which means that the natural tendency of buyers is to bid up prices and of sellers to mark up prices. The desire of sellers to raise their prices is often fortified by pressures on their costs, inherent in the advanced stages of wartime mobilization and mostly traceable to shortages of manpower and materials. They include higher unit costs resulting from necessary curtailment in production, and higher labor costs resulting from the use of inexperienced and less efficient help and from a more rapid rate of labor turnover. In agriculture, producers often ask for higher prices to enable them to hold their remaining help and to compensate them for their increased toil and difficulties. Then, too, the less favorable experience of the United States in the realm of price control increases the problems of control in this country."

Pointing out that "it is of the utmost importance that the Canadian people persist in the battle against inflation with unabated vigor and determination," Mr. McLeod said:

"But success in controlling prices implies an increasing measure of self-restraint and cooperation. It requires an even greater degree of saving through the curtailment of all but essential spending. It involves a general willingness to subordinate group interests in higher prices, higher profits, and higher wages to the national interest. It also implies willingness to accept necessary additional controls and public cooperation in making them work. And, of course, it calls for competent and determined administration."

In his remarks Mr. McLeod stated that "a brief review of the developments in the main industries brings out the remarkable expansion in war output and shows how war demands are impinging upon civilian activities"; he added:

"In the sphere of manufacturing, the enormous increase in war output dominates the scene. According to the Minister of Munitions and Supply, war output amounted to about $2,600,000,000 in 1942 as against some $1,200,000,000 in 1941, and will increase to an annual rate of $3,700,000,000 when the program reaches its peak this year. . . .

"To turn out this great flow of the 'tools of war,' more and more workers have been required and employment in metal-using and chemical industries has increased to new record totals. Behind this great expansion lies a remarkable record of organization and technical progress. The growth of war industry to its present stature has been accompanied by—indeed, it has been made possible by—a great development in the skill of Canadian men and women workers, startling results in Canadian scientific investigation, and rapid and continual progress in industrial technique."

At the Feb. 3 meeting of the stockholders of the bank (the 111th annual general meeting), H. D. Burns, General Manager, referred to the subject of taxation, saying "there can be no doubt that the vast majority of Canadians accept such heavy taxation with good grace, as a necessary part of their wartime responsibilities." "I believe, however," he said, "that the system of collection could be greatly improved by the adoption of a pay-as-you-earn policy along the lines of what is now known as the Ruml Plan." He further stated:

"Last year, the Government took an important step in the right direction by adopting a policy of collecting income taxes at the source of payment on a frequent and regular basis. But significant as this improvement has been, current tax collections still relate to the past rather than present income and as a general rule we are all eight months behind in our payments.

"At pre-war rates, this lag did not raise major difficulties, but at the very high rates of today it works serious injustice and tends to increase tax defaults. . . . And for everyone who is subject to the risk of a reduction or loss of income—and who is not in this category?—the present system leaves a dangerous liability. One needs only to think of the inevitable readjustment following the close of the war to realize the difficulties that may arise. The pay-as-you-earn system would solve these problems without any significant loss of current revenue to the Government."

Mr. Burns pointed out that the bank's Annual Report presented at the meeting showed "the steadily increasing activity of business during the past year which resulted from the further development of the country's war program." "In several of the headings of the balance sheet," he observed, "the amounts shown are at record figures, due, principally, to the large expenditures by the Government for war purposes and, also, to our participation with other banks in a loan to the Government by way of deposit certificates." As to taxes and profits he said:

"The Dominion Government taxes were $1,357,773—over $295,000 more than in 1941—and after providing for these taxes and after making appropriations to Contingent Accounts, out of which full provision for bad and doubtful debts has been made, net profits are $1,860,262. These profits are about $75,000 lower than in the previous year but this reduction is almost fully offset by the refundable portion of our taxes shown at $70,000, which will be repaid to the bank in the Government's second fiscal period after the end of the war. We believe the shareholders will find the showing not unsatisfactory.

"All will appreciate the necessity of heavy taxation under present conditions and, equally, all will agree that any self denial occasioned by the war needs of the Government is well worth while. The present system of taxation is devised in such a way that irrespective of our gross earnings our profits available for dividends will be only 70% of our average taxable profits for the four years 1936-39.

"Dividends required a total of $1,380,000 and after making a contribution to the Officers' Pension Fund of $210,000 and writing $250,000 off Bank Premises Account, there remained from the profits $20,262 to be carried forward, thereby increasing the balance to $1,286,755."

"Total deposits," Mr. Burns noted, "at $337,591,000 show an increase of $40,000,000 for the year. Of this increase, $16,550,000 is represented by Dominion Government balances arising from the Third Victory Loan issue in November, and $23,000,000 by business deposits, that is, those not bearing interest. The latter reflect the larger disbursements by the Government for war purposes."

"Total assets," he said, "are $410,467,055, up about $30,000,000 for the year, which is an all-time high in the 111 years since the bank was founded."

Cotton Futures Contract Revisions Under Study

A committee representing the entire cotton industry has been formed to study questions affecting a revision of the New York Cotton Exchange futures contract. The first of a series of meetings to study the economic desirability of some cotton futures contracts revisions took place in New York City on Jan. 18 and 19 and other meetings will be held in the near future. The all-industry committee was formed from the industry-wide committees, representing the Department of Agriculture, cotton manufacturers, merchants, an out-of-town advisory group and the Cotton Exchange, which had been working on recommendations for futures contract revisions which would be acceptable to the entire industry.

Robert J. Murray, President of the Cotton Exchange, in making the announcement of the coming meetings, reiterated the flexible attitude of the Exchange and its ability to keep in tune with the ever changing requirements of modern business. He further declared "that the New York Cotton Exchange provides a vital medium for cotton distribution and that the members of the Exchange fully recognize the necessity for keeping the contract closely geared to the requirements of the entire trade and the protection of the grower as well as the consumer."

MacLeish Quits OWI

Achibald MacLeish has resigned as Assistant Director of the Office of War Information in order to devote his full time to his post as Librarian of Congress. Mr. MacLeish was head of the Office of Facts and Figures from its creation in October, 1941, until it became part of the OWI in June, 1942. Since that time he has served in a part-time capacity as assistant to OWI Director Elmer Davis.

Formula To Liquidate U. S. War Projects In Canada Presented

A permanent formula for the post-war liquidation of defense projects constructed in Canada by the United States is provided in an exchange of notes between the Governments of the two countries, presented in the Canadian House of Commons on Feb. 1 by Prime Minister Mackenzie King.

The foregoing was reported in Associated Press Ottawa advices, which further stated:

The formula decrees that all immovable assets of the United States are to be released within one year after the end of the war to the Canadian Government or the provincial Government. All movable assets must be removed from Canada within one year or offered for sale to the Government. The price would be fixed by two appraisers, one chosen by each country, with power to select a third in case of disagreement.

If movable assets are not removed or sold to the Crown within one year, the formula sets forth, they must be offered for sale on the open market. If they cannot be sold, their disposition is to be referred to the permanent joint defense board.

The formula, it was said, was designed to cover disposition of United States projects for which no special agreements have been made.

Among the major projects undertaken by the United States is the Alaska highway which, under a special agreement, is to become a part of the Canadian highway system after the war.

Mutual Savings Banks' Investments In Govt. Securities Increased

The National Association of Mutual Savings Banks announced on Feb. 5 that mutual savings banks of the United States have distributed to the American public $750,000,000 of War Savings Bonds. Their policy of urging the purchase of War Savings Bonds to the limit, then of saving and still further saving as an antidote to the high cost of living, also has resulted in mutual savings deposits going ahead by $131,278,410 in 1942 to the all-time peak of $10,620,957,953. New investment by the banks for their own account in regular issues of Government securities, approximating $725,000,000, was five and a half times the gain in deposits last year.

"This stability of mutual savings accounts is a further assurance of our capacity to finance the war by voluntary loans," said Levi P. Smith, President of the Association and President of the Burlington (Vt.) Savings Bank, on Feb. 5. "Most significant is this proof that the public have grasped the economic realities of the present and are able to save and save, and then save.

"America has just demonstrated its ability to absorb $12,000,000,000 of Victory Loan Government Bonds within a single month. This is evidence that we have a sound underlying economy as well as comprehension of the economic realities by the great masses of our citizens," Mr. Smith stated; he added:

"Assets of mutual savings banks rose from $11,794,289,030 at the beginning of 1942 to $11,950,577,506 at the end of the year, an increase of $156,288,476. Mutual accounts declined from 15,738,907 to 15,294,143. This decrease of 444,764 was primarily due to efforts to sell war bonds to small purchasers. For similar reasons there was a decline in school savings accounts. However, numerous Victory Clubs and special payroll savings plans for the purchase of War Savings Bonds were initiated by the banks during the year.

"The average account in all mutual savings banks, including the various clubs and special accounts, amounted to $694.45 at the year end. This was an increase of $27.97 from the 1941 average of $666.48. The average account in regular, or old-style mutual savings accounts, exclusive of club accounts and special feature accounts, was $850.82. Interest-dividends upon deposits average 1.88%, thus reflecting the prevailing low levels of return upon Government bonds and other conservative investments.

"Combined surplus accounts at the end of 1942 aggregated $1,279,662,303, a gain over the previous year of $8,398,794, an average reserve per deposit amounting to 12 cents of additional protection for each dollar of deposits, one of the highest ratios of protection ever built for any similar aggregation of capital."

Rationing of Canned Foods Begins March 1

The Office of Price Administration announced on Feb. 2 that rationing of canned fruits, vegetables, juices and soups, frozen fruits and vegetables and dried fruits, will begin on March 1. All retail sales of these foods will be suspended as of midnight Feb. 20 and registration of the entire civilian population for War Ration Book Two will be conducted for six days beginning Feb. 22. These books will be needed to purchase rationed foods under the new point rationing system, which takes effect March 1 when retail selling will be resumed.

The first ration period will be for the entire month of March, and each holder of Book Two (except those possessing more than the allowable maximum of five cans) will have 48 points to spend in this first period, with each purchase "costing" a specified number of points. The exact number of points to be assigned for successive ration periods will not be disclosed until the middle of the previous month, OPA said. Thus, points for April will be announced around March 15.

Official point values for the more than 200 food items covered by the regulation will be disclosed as soon as retail sales are frozen on Feb. 20. The OPA said that storekeepers are to make use of the "freeze" period to replenish their stocks and they must display prominently the official table of point values for the information of consumers. While point values will differ according to the relative scarcity of the various foods and also according to the size of the container, the OPA pointed out that every item will have the same point value in every store in the country.

Plans for the rationing of the food items were mentioned in these columns of Jan. 7, page 72.

Cuba-U. S. Sign War Pact

A supplementary military and naval cooperation agreement has been entered into by the United States and Cuba. It was signed at the Ministry of State at Havana on Feb. 1, according to a cablegram to the New York "Times" which said:

"The Minister of State, Dr. Jose Augustin Martinez, acted for Cuba and American Ambassador Spruille Braden for the United States. A United States Admiral, James L. Kaufman and Commodore Diez Arguelles, Chief of the Cuban Navy, were present.

"The details of the agreement were not made public."

Signing of the original pact was noted in our issue of Sept. 17, 1942, page 997.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Feb. 9	117.10	108.88	117.60	115.24	109.97	94.56	99.04	112.75	115.63
8	117.08	108.88	117.60	115.24	109.97	94.56	99.20	112.75	115.43
6	117.09	108.88	117.80	115.04	109.97	94.71	99.20	112.75	115.43
5	117.09	108.88	117.60	115.04	109.97	94.71	99.04	112.75	115.63
4	117.12	108.70	117.60	115.04	109.97	94.56	99.20	112.75	115.43
3	117.14	108.88	117.80	115.04	109.97	94.71	99.20	112.75	115.43
2	117.07	108.88	117.60	115.04	109.97	94.71	99.20	112.56	115.43
1	117.04	108.88	117.60	115.04	109.97	94.71	99.20	112.56	115.43
Jan. 29	117.04	108.70	117.60	115.04	109.79	94.56	99.04	112.56	115.43
22	117.05	108.34	117.20	114.66	109.60	94.26	98.73	112.37	115.24
15	117.05	108.16	117.20	114.66	109.42	93.82	98.41	112.19	115.04
8	117.02	107.62	116.80	114.08	109.06	92.93	97.62	112.00	114.66
1 Exchange Closed									
High 1943	117.14	108.88	117.80	115.24	109.97	94.71	99.20	112.75	115.63
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
1 Year ago									
Feb. 9, 1942	116.93	106.92	116.22	113.70	107.98	91.91	97.16	110.52	113.70
2 Years ago									
Feb. 8, 1941	116.51	106.21	117.80	113.31	106.39	90.20	96.54	109.79	113.31

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings				Corporate by Groups		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus
Feb. 9	2.06	3.23	2.77	2.89	3.17	4.10	3.81	3.02	2.87
8	2.06	3.23	2.77	2.89	3.17	4.10	3.80	3.02	2.88
6	2.06	3.23	2.76	2.90	3.17	4.09	3.80	3.02	2.88
5	2.06	3.23	2.77	2.90	3.17	4.09	3.81	3.02	2.87
4	2.06	3.24	2.77	2.90	3.17	4.10	3.80	3.02	2.88
3	2.06	3.23	2.76	2.90	3.17	4.09	3.80	3.02	2.88
2	2.06	3.23	2.77	2.90	3.17	4.09	3.80	3.03	2.88
1	2.06	3.23	2.77	2.90	3.17	4.09	3.80	3.03	2.88
Jan. 29	2.06	3.24	2.77	2.90	3.18	4.10	3.81	3.03	2.88
22	2.06	3.26	2.79	2.92	3.19	4.12	3.83	3.04	2.89
15	2.06	3.27	2.79	2.92	3.20	4.15	3.85	3.05	2.90
8	2.07	3.30	2.81	2.95	3.22	4.21	3.90	3.06	2.92
1 Exchange Closed									
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	2.06	3.23	2.76	2.89	3.17	4.09	3.80	3.02	2.87
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago									
Feb. 9, 1942	2.06	3.34	2.84	2.97	3.28	4.28	3.93	3.14	2.97
2 Years ago									
Feb. 8, 1941	2.10	3.38	2.76	2.99	3.37	4.40	3.97	3.18	2.99

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1942, page 202.

Moody's Common Stock Yields

Yearly average yields in the years 1929 to 1941 inclusive and monthly average yields for 1941 will be found on page 2218 of the June 11, 1942 issue of the "Chronicle."

MOODY'S WEIGHTED AVERAGE YIELD ON 200 COMMON STOCKS

Month—	Industrials (125)	Railroads (25)	Utilities (25)	Banks (15)	Insurance (10)	Average Yield (200)
January, 1942	7.4%	7.2%	7.6%	5.3%	4.5%	7.2%
February, 1942	7.2	7.4	7.7	5.6	4.6	7.1
March, 1942	7.7	8.2	8.5	6.0	5.0	7.7
April, 1942	7.7	8.3	8.9	6.1	5.3	7.8
May, 1942	6.7	7.8	8.2	5.7	4.9	6.9
June, 1942	6.4	7.8	8.4	5.6	4.8	6.6
July, 1942	6.1	7.7	8.2	5.5	4.7	6.4
August, 1942	6.0	7.5	8.0	5.1	4.7	6.3
September, 1942	5.8	7.3	7.9	4.9	4.5	6.1
October, 1942	5.5	7.0	7.2	5.0	4.4	5.8
November, 1942	5.5	8.0	7.1	5.2	4.5	5.9
December, 1942	5.3	8.6	7.2	5.0	4.2	5.7
January, 1943	5.0	7.9	6.8	4.5	4.1	5.4

Steel Operations Show Little Change—Output And Demand In Better Balance—Prices Higher

"The wage increase problem occupies the main stage this week, with the War Production Board's jurisdictional dispute at Washington and several price developments drawing their share of attention from the metals and metal-working industries," says "The Iron Age," in its issue of today (Feb. 11), further adding in part as follows: "Apprehension already is being expressed in some quarters over a possible bituminous coal strike April 1, and speculation has arisen over whether the CIO might move to reopen its contracts with leading steel companies, following indications of union dissatisfaction with the "Little Steel" wage stabilization policy allowing 15% pay increases between Jan. 1, 1941 and May 1, 1942.

"A direct push by high union officials toward revising steel industry wage contracts is not likely right at this time, in the opinion of informed observers, but agitation by local unionists can be expected.

"The new Controlled Materials Plan, amplified by several important new regulations this week, is expected to remain unchanged basically.

"Discussions are underway concerning several extra charges on certain kinds of steel and also upon pig iron prices in at least one area.

"Beehive furnace coke prices have been raised 50 cents per ton by OPA, effective Feb. 3, after a survey of 60 plants. This will help the oven operators to absorb the increased cost of coal, but it will not remove the threat of an unbalance in the aggregate supply of beehive coke, which arises principally from the manpower problem, particularly at the smaller, marginal units.

"Much interest centers upon Lake Superior iron ore prices, customarily established at about this time of year in advance of the formal opening of the navigation season. It is believed that OPA will resist any blanket increase in ore quotations despite the fact that mining companies are pressing for relief to help meet increased costs. However, average prices paid for iron ore in 1943 may be slightly higher because of the fact that new mines can charge more.

"Last week the 14 claimant agencies under CMP were given their cuts of copper, steel and aluminum for the second quarter. Requests for carbon steel were reduced 17%; alloy steel 15%; copper 16% and aluminum 14%, to bring demand in line with supply. Some of the less important war requirements were curtailed severely.

"It is understood that in second quarter the manufacture of steel shell cases will be increased. Heavy purchases have been made of equipment for producing the steel cases."

The American Iron and Steel Institue on Feb. 8 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 99.3% of capacity for the week beginning Feb. 8, compared wth 99.5% one week ago, 99.3% one month ago and 95.5% one year ago. This represents a decrease of 0.2 point or 0.2% from the preceding week. The operating rate for the week beginning Feb. 8, is equivalent to 1,698,700 tons of steel ingots and castings, compared to 1,702,100 tons one week ago, 1,698,700 tons one month ago, and 1,622,400 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Feb. 8 stated in part:

"Steel markets are fairly steady, demand and delivery showing little change with billets and large bar rounds tightest of all carbon steel products and shipments on alloy grades much more extended than carbon steels.

"Application of the new Controlled Materials Plan is beginning to affect methods of applying for steel tonnage. Plate consumers have been advised that their PDX298 forms will apply to all requirements up to third quarter except for such orders as are covered by production authority allotments bearing numbers under CMP amendment No. 6. Beginning with applications for April rollings they are advised to discontinue the 10 group classifications now used and instead to identify orders by appropriate CMP claimant agencies. They are advised to continue use of PD169 forms through second quarter but to place all CMP orders under amendment No. 6 first and follow in priority sequence orders for which form 298 have been filed.

"Details of procedure governing PRP units in the period of transition to CMP in second quarter have been included in an amendment to the priorities regulations. This is to assure materials to manufacturers pending receipt of allotments under CMP by extension into second quarter of a basic percentage of first quarter authorizations.

"The situation in reinforcing bars continues unsatisfactory to steelmakers, WPB orders limiting production almost exclusively to rerolled rails, leaving a large tonnage of off-heat steel which could be utilized for this purpose instead of being remelted as scrap. Efforts to have this ruling changed are being continued, with little indication of success. The restriction has been broadened to include four Pacific Coast states formerly not covered.

"While no new orders for domestic freight cars were placed in January a number of orders placed last year and frozen by WPB have been released. About 15,000 of the 20,000 to be built in first half have been released from the frozen orders.

"Pig iron supply is definitely easier and all essential users are being given enough for their needs. Foundries note a decline in orders for some purposes and some have curtailed operations for this cause and also in some instances from lack of manpower. Larger agricultural implement production is expected to provide additional castings orders.

"Principal difficulty in the scrap market has shifted from material supply to manpower and the situation promises to become worse unless higher wages can be paid to restrain workers from changing to war work paying more. Chicago handlers have asked Washington for permission to raise rates.

"Salvage sections of War Production Board are much encouraged at results obtained this winter, as enough scrap is being supplied to maintain steelmaking and most melters have been able to accumulate reserves for several weeks. In addition, yards still contain large accumulations from drives late last year, which have not yet been prepared for shipment. Borings and turnings are still a problem and opinion is divided on the effect of the recent shift in prices by Office of Price Administration, designed to move these grades more promptly.

"Institute of Scrap Iron and Steel Inc. estimates scrap consumption in 1942 at 55,841,000 tons, 4% over the previous high in 1941 and more than twice the greatest consumption in World War. I."

New Five-Cent Coin Is 56% Copper, 35% Silver

With nickel no longer used in the minting of the coin as a result of a request by the War Production Board, the new 5-cent piece consists of 56% copper, 35% silver and 9% manganese, according to the National Bureau of Standards of the Department of Commerce. The elimination of nickel is expected to result in a saving of 300 tons of the scarce and critical metal for use in essential war production.

The Standards Bureau's announcement further said:

"The change to the new alloy was not easy. Experts of the Philadelphia Mint spent months testing various alloys and combinations. Many requirements had to be met. The new 5-cent coin had to resemble closely the old one in color and appearance and in freedom from serious tarnish. The new alloy had to be hard enough to resist wear and to take clean-cut impressions from the dies at the Mint. The bullion value could not be more than the actual value of the coins, lest the new 'nickels' be melted down and used for other purposes.

"At one time WPB officials thought a sufficient quantity of stainless steel could be released to meet the need. This would have been an ideal solution of the problem, but war developments made it necessary to withdraw the offer. Mrs. Nellie Tayloe Ross, Director of the Bureau of the Mint, and her associates had to resume their experiments with different alloys.

"Among other requirements, the new coins must work properly in vending machines. This proved troublesome and the National Bureau of Standards was called in to help find a solution. Vending machines are protected by various devices so they cannot be operated with slugs. Consequently it was necessary to find a new alloy that would match within limits the electrical conductivity, the magnetic permeability, the resilience and the weight of the old nickel.

"Samples of various alloys were prepared, analyzed and tested until a satisfactory combination was evolved. Sample coin-selector mechanisms were obtained from eight manufacturers and subjected to numerous tests.

"Although the Bureau of the Mint would have preferred a simple, binary alloy, such as copper-silver, scientific tests immediately showed that such coins would invariably be rejected by vending machines, because of low electrical resistance."

President Thanks Nation For Paralysis Funds

President Roosevelt's 61st birthday on Jan. 30 was celebrated throughout the country by the customary series of dances and parties, the proceeds of which go to raise funds for the fight against infantile paralysis. Since the President had not yet returned to Washington from the Casablanca conference, his message of thanks to the contributors was read in a broadcast from the White House by Mrs. Roosevelt. The message follows:

"Please tell all of those who are helping so much in the great fight against infantile paralysis that, even though the visits I have been making in certain distant parts prevent my return to the capital today, they are giving me once again a truly happy birthday.

"Tonight we are waging two wars, both in the service of humanity and both of them headed for victory."

This was the tenth time the President's birthday has been the occasion for a series of birthday balls, March-of-dimes campaigns and similar drives to raise funds for combating the malady with which Mr. Roosevelt himself was stricken two decades ago.

Half the proceeds from the affairs go to the National Foundation for Infantile Paralysis and half remain in the locality where the funds were raised.

The President celebrated his birthday on Jan. 30 aboard a Pan American clipper plane flying 8,000 feet above Haiti, he told his press conference at Washington on Feb. 3, according to special advices to the New York "Times," which also stated that the President cut the cake and served it to his traveling companions, who included Admiral Leahy, Harry L. Hopkins, Rear Admiral McIntire, and others.

Iraq Joins United Nations

Formal adherence of Iraq to the Declaration by the United Nations has been welcomed by Secretary of State Hull in an exchange of notes with Ali Jawdat al-Ayoubi, Minister to Washington.

Iraq declared war on the Axis Powers on Jan. 16; this was noted in our issue of Jan. 28, page 375.

In his note, dated Jan. 16, the Iraq Minister said that his Government desired "to subscribe more concretely to the common program of purposes and principles embodied in the Atlantic Charter, since they 'coincide with the aspirations of the people of Iraq,' and that it desired 'to make its contribution in the struggle against the common enemy'."

In welcoming Iraq into the ranks of the United Nations, on behalf of the United States which is depository for the Declaration, Secretary Hull on Jan. 22 said:

"It is very gratifying that Iraq is taking a position at the side of the freedom-loving nations which have pledged themselves to employ their full resources in the struggle against the powers seeking to dominate the world. On behalf of the Government of the United States, as depository for the Declaration, I take great pleasure in welcoming Iraq into the ranks of the United Nations."

Moody's Daily Commodity Index

Tuesday, Feb. 2	245.0
Wednesday, Feb. 3	244.5
Thursday, Feb. 4	245.0
Friday, Feb. 5	244.3
Saturday, Feb. 6	244.9
Monday, Feb. 8	244.8
Tuesday, Feb. 9	244.5
Two weeks ago, Jan. 26	244.2
Month ago, Jan. 9	242.7
Year ago, Feb. 9	226.5
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, Feb. 1	245.4
Low, Jan. 2	240.3

Market Value Of Bonds On N. Y. Stock Exchange

The New York Stock Exchange announced on Feb. 8 that as of the close of business Jan. 30, there were 1,132 bond issues aggregating $72,880,365,437 par value listed on the Stock Exchange with a total market value of $71,038,674,932. This compares with 1,136 bond issues, aggregating $72,992,873,380 par value, with a total market value of $70,583,644,622 on Dec. 31, 1942.

In the following table listed bonds are classified by governmental and industrial groups with the aggregate market value and average price for each:

Group—	Jan. 30, 1943 Market Value $	Jan. 30, 1943 Average Price $	Dec. 31, 1942 Market Value $	Dec. 31, 1942 Average Price $
U. S. Government (incl. N. Y. State, Cities, etc.)	55,170,520,688	104.29	55,074,485,435	104.12
U. S. companies:				
Amusements	38,281,254	102.51	37,878,457	101.43
Automobile	11,694,151	101.21	12,146,414	101.12
Building	13,166,896	97.48	12,842,163	95.07
Business and office equipment	15,431,250	102.88	15,300,000	102.00
Chemical	75,635,725	102.07	75,818,063	102.31
Electrical equipment	36,318,750	103.77	36,287,500	103.68
Financial	57,492,936	102.10	57,133,708	101.46
Food	235,360,219	104.73	233,443,537	103.87
Land and realty	9,993,750	74.38	9,628,428	71.66
Machinery and metals	39,605,903	100.14	40,157,285	100.16
Mining (excluding iron)	88,117,086	56.85	90,915,294	58.61
Paper and publishing	40,729,173	100.94	40,897,316	100.18
Petroleum	594,438,716	103.79	592,015,690	103.33
Railroad	6,820,418,100	67.05	6,577,910,560	64.11
Retail merchandising	12,107,994	84.56	12,252,188	82.96
Rubber	75,475,333	103.00	74,229,635	101.30
Ship building and operating	11,529,360	100.50	11,615,400	101.25
Shipping services	19,436,045	70.64	18,323,684	66.39
Steel, iron and coke	505,097,510	100.26	504,745,759	99.67
Textiles	37,560,510	103.33	37,210,510	102.37
Tobacco	147,326,648	105.64	146,264,243	104.88
Utilities:				
Gas and electric (operating)	3,330,813,597	107.86	3,321,566,691	107.11
Gas and electric (holding)	96,467,875	101.20	94,566,375	99.20
Communications	[illegible]	108.31	1,199,519,670	106.90
Miscellaneous utilities	87,821,009	60.11	85,624,662	58.55
U. S. companies oper. abroad	122,941,999	67.77	117,882,813	64.98
Miscellaneous businesses	31,382,643	105.66	30,910,730	104.07
Total U. S. companies	13,767,991,138	81.33	13,487,086,784	79.17
Foreign government	1,364,153,547	62.26	1,304,302,478	59.31
Foreign companies	736,069,559	85.80	717,769,925	83.52
All listed bonds	71,038,674,932	97.47	70,583,644,622	96.70

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

1940—	Market Value $	Average Price $	1942—	Market Value $	Average Price $
Dec. 31	50,831,283,315	93.84	Jan. 31	56,261,398,371	95.24
1941—			Feb. 28	57,584,410,504	95.13
Jan. 31	50,374,446,095	93.05	Mar. 31	58,140,382,211	95.97
Feb. 28	50,277,456,796	92.72	Apr. 30	57,923,553,616	95.63
Mar. 31	52,252,053,607	93.73	May 29	59,257,509,674	95.64
Apr. 30	52,518,036,554	94.32	June 30	59,112,072,945	95.50
May 30	52,321,710,056	94.22	July 31	61,277,620,583	95.76
June 30	53,237,234,699	94.80	Aug. 31	62,720,371,752	96.08
July 31	53,259,696,637	95.04	Sept. 30	62,765,776,218	96.18
Aug. 30	53,216,867,646	94.86	Oct. 31	64,843,877,284	96.48
Sept. 30	53,418,055,935	94.74	Nov. 30	64,543,971,299	96.11
Oct. 31	55,106,635,894	95.25	Dec. 31	70,583,644,622	96.70
Nov. 29	54,812,793,945	94.80	1943—		
Dec. 31	55,033,616,312	94.50	Jan. 30	71,038,674,932	97.47

Chicago Reserve Bank Net $1,197,161 In '42

The Federal Reserve Bank of Chicago reports for the calendar year 1942 net earnings of $1,197,161, as compared with $1,024,465 in the previous year. Total earnings for the year just ended were $6,590,508, against $5,089,095 in 1941. Operating expenses in 1942 were $4,186,456 and total net expenses $5,177,403, leaving current net earnings at $1,413,105. In 1941 operating expenses amounted to $3,581,893, total net expenses were $4,227,533 and current net earnings of $861,561.

The Chicago Reserve Bank's earnings and expenses statement for 1942 follows:

			(Figures In Dollars)
Earnings			6,590,508.20
Operating Expenses		4,186,455.57	
Assessment for Board of Governors	213,773.02		
Cost of Federal reserve currency	777,174.36	990,947.38	
Total net expenses			5,177,402.95
Current net earnings			1,413,105.25
Additions to current net earnings:			
Profit on sales of U. S. Government securities		378,310.71	
Other additions		8,538.17	
Total additions to current net earnings			386,848.88
Total current net earnings and additions to current net earnings			1,799,954.13
Deductions from current net earnings:			
Reserves for losses on industrial advances		10,000.00	
Retirement system (interest base adjustment)		592,793.00	
Total deductions from current net earnings			602,793.00
Net earnings			1,197,161.13
Distribution of net earnings:			
Paid United States Treasury (section 13B)			4,021.06
Dividends paid			955,507.94
Transferred to surplus (section 7)			237,632.13
			1,197,161.13

In its statement of condition as of Dec. 31, 1942, the Reserve Bank reported total assets of $4,753,969,031, compared with resources of $3,962,603,505 at the end of 1941. Total deposits in the current statement are given as $2,086,924,359, consisting of $1,925,895,804 in the member bank-reserve account, $71,445,226 in the U. S. Treasurer-general account, and $89,583,329 of other deposits. Other liabilities included $2,419,593,470 of Federal Reserve notes in actual circulation and $49,341,867 in the capital account.

Treasury Releases Income Data For 1940

Secretary of the Treasury Morgenthau has made public the first of a series of tabulations in advance of the report "Statistics of Income for 1940, Part 2, Compiled from Corporation Income, Declared Value Excess-profits, and Defense Tax Returns and Personal Holding Company Returns," prepared under the direction of Commissioner of Internal Revenue Guy T. Helvering. The advices state:

"The number of corporation income, declared value excess-profits, and defense tax returns for 1940 is 516,783, of which 220,977 show net income of $11,203,223,957, while 252,065 show a deficit of $2,283,795,190, and 43,741 have no income data (inactive corporations). The income tax is $2,144,291,692, and the declared value excess-profits tax is $30,743,550.

"The increase or decrease, 1940 over 1939, in the number of returns, net income, deficit, and tax, follows:

CORPORATION RETURNS: 1940 AND 1939, NUMBER OF RETURNS, NET INCOME, DEFICIT, AND TAX

(Money figures in thousands of dollars)

	1940	1939	Increase or decrease (—) Number or amount	Increase or decrease (—) Per Cent
Number of returns	516,783	515,960	823	.16
*Returns with net income:				
Number of returns	220,977	199,479	21,498	10.78
*Net income	11,203,224	8,826,713	2,376,511	26.92
Tax liability:				
Income tax	†2,144,292	1,216,450	927,841	76.27
Declared value excess-profits tax	‡30,744	15,806	14,938	94.51
*Returns with no net income:				
Number of returns	252,065	270,138	—18,073	—6.69
*Deficit	2,283,795	2,092,148	191,648	9.16
Returns of inactive corporations	43,741	46,343	—2,602	—5.61

*"Net income" or "Deficit," for 1940, is the amount reported for declared value excess-profits tax computation adjusted by excluding net operating loss deduction; for 1939, is the amount reported for declared value excess-profits tax computation and is the difference between "Total income" and "Total deductions."

†Includes income defense tax. ‡Includes declared value excess-profits defense tax.

Electric Output For Week Ended Feb. 6, 1943 Shows 14.0% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Feb. 6, 1943, was approximately 3,960,242,000 kwh., compared with 3,474,638,000 kwh. in the corresponding week last year, an increase of 14.0%. The output for the week ended Jan. 30, 1943, was 14.7% in excess of the similar period in 1942.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended Feb. 6	Jan. 30	Jan. 23	Jan 16
New England	3.1	3.6	7.0	3.7
Middle Atlantic	5.1	7.7	9.6	7.1
Central Industrial	11.8	12.2	12.6	12.2
West Central	15.0	15.6	14.3	12.4
Southern States	20.4	20.1	21.2	21.4
Rocky Mountain	12.3	13.8	11.0	13.5
Pacific Coast	29.9	29.6	30.6	29.0
Total United States	14.0	14.7	15.5	14.5

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
Nov 7	3,761,961	3,368,690	+11.7	2,858,054	1,520,730	1,798,164
Nov 14	3,775,878	3,347,893	+12.8	2,889,937	1,531,584	1,793,584
Nov 21	3,795,361	3,247,938	+16.9	2,839,421	1,475,268	1,818,169
Nov 28	3,766,381	3,339,364	+12.8	2,931,877	1,510,337	1,718,002
Dec 5	3,883,534	3,414,844	+13.7	2,975,704	1,518,922	1,806,225
Dec 12	3,937,524	3,475,919	+13.3	3,003,543	1,563,384	1,840,863
Dec 19	3,975,873	3,495,140	+13.8	3,052,419	1,554,473	1,860,02
Dec 26	3,655,926	3,234,128	+13.0	2,757,259	1,414,710	1,637,68

Week Ended—	1943	1942	% Change 1943 over 1942	1941	1932	1929
Jan 2	3,779,993	3,288,685	+14.9	2,845,727	1,619,265	1,542,000
Jan 9	3,952,587	3,472,579	+13.8	3,002,454	1,602,482	1,733,810
Jan 16	3,952,479	3,450,468	+14.5	3,012,638	1,598,201	1,736,729
Jan 23	3,974,202	3,440,163	+15.5	2,996,155	1,588,967	1,717,315
Jan 30	3,976,844	3,468,193	+14.7	2,994,047	1,588,853	1,728,203
Feb 6	3,960,242	3,474,638	+14.0	2,989,392	1,578,817	1,726,161
Feb 13		3,421,639		2,976,478	1,545,459	1,718,304
Feb 20		3,423,589		2,985,585	1,512,158	1,699,250
Feb 27		3,409,907		2,993,253	1,519,679	1,706,719

Consumer Credit Outstanding Down 36% In '42

The Board of Governors of the Federal Reserve System reported on Jan. 30 that the volume of consumer credit outstanding at the end of 1942 was $6,100,000,000, reflecting a decline of $3,400,000,000, or 36%, for the year. The decline of about $10,000,000 in December was much less than the recently prevailing rate of nearly $300,000,000 per month, but when allowance is made for usual seasonal influences this decrease is not out of line, the Board pointed out.

The Reserve Board's announcement continued:

"A large part of the decline of $3,400,000,000 in consumer credit during 1942 was due to the decrease of about $1,500,000,000 in automotive sale credit, but substantial liquidation has occurred in all the important types of consumer indebtedness. Aside from the virtual disappearance of new car business and greatly curtailed sales of used cars, the dominant factor in the instalment sales credit field has been the substantial reduction of maturities. New loans and new sale debts continue to be incurred, although at a reduced rate, but under present conditions these obligations are paid off at a much faster rate and therefore the volume of outstandings has been reduced rapidly.

"Although Christmas buying was heavy, the rise in consumer credit based on the purchase of goods was less than has been usual in previous years. Charge accounts increased by $120,000,000 and instalment credit for the purchase of commodities other than automobiles increased by about $20,000,000. These additions to consumer credit were offset by a decrease of nearly $90,000,000 in automotive instalment credit and a decline of more than half that amount in instalment loans. At the year end automotive sale credit outstanding was estimated to be about $500,000,000.

"In the field of instalment loans, December loan volume was above that of other recent months, but current repayments remained high with the result that loans outstanding declined by more than $50,000,000 or nearly 4% from the end of November."

CONSUMER CREDIT OUTSTANDING

(Short-term credit. In millions of dollars. Figures estimated)

	12-31 1942	Increase or decrease from: 11-30 1942	Increase or decrease from: 12-31 1941
*Total consumer credit	6,090	—13	—3,422
Instalment sale credit:			
Automotive	496	—87	—1,446
Other	1,019	+17	786
†Instalment loans	1,428	—53	— 746
Charge accounts	1,450	+120	— 333
Single-payment loans	1,065	—10	— 135

*Includes service credit not shown separately.

†Includes repair and modernization loans.

The Board noted that these figures of consumer credit outstanding will be released each month in the future.

President Praises Boy Scout Movement

In a message of greetings to the Boy Scouts of America on their 33rd anniversary, President Roosevelt on Feb. 7, urged that scouting be "maintained at its full strength and effectiveness as a practical contribution to the war effort." The President reported that more than 327 of the service men who have been decorated for heroism had been scouts.

Mr. Roosevelt's message made public by Dr. Elbert K. Fretwell, chief Scout executive, follows:

"Fellow Scouts and Scouters:

"Today, with the nation at war, we observe the 33rd birthday of the Boy Scouts of America. The job of winning the war and assuring a decent and lasting peace is the concern of every American.

"I heartily approve the slogan adopted for the Boy Scouts for 1943 — to 'toughen up, buckle down, carry on to victory.' I am informed that to date more than 327 of those who have been decorated for heroism by our country have been identified as having had scout training.

"The leaders of our armed forces in training camps and on the battle fronts have emphasized the value of scout training in developing knowledge and skill, as well as courage, self-reliance, resourcefulness and initiative which are proving to be so essential in our determination to win the war.

"I have always been a staunch believer in scouting, and now, in time of war, as your Honorary President, I urge every one connected with scouting, boys and men to see to it that scouting is mainatined at its full strength and effectiveness as a practical contribution to the war effort.

"Certainly those who help to make boys physically strong, mentally awake and morally straight in these times deserve the appreciation of all who are leaders in America. I am confident that full cooperation will be accorded leaders of the Boy Scouts of America, who are dealing with a most important aspect of our manpower problem.

"So I bring greetings on this the 33rd birthday to all the members of the Boy Scouts of America and say:

"Reach out and make it possible for every boy who wants to be a Cub or a Scout to have a meeting place and the necessary leadership as a service to your country. Carry on! Make your slogan for 1943—'Toughen up, buckle down, carry on to victory'—a definite and vital part of all of your activities."

Phila. Reserve Bank Earnings Increased

Earnings of the Federal Reserve Bank of Philadelphia for the year ended Dec. 31, 1942, were $1,238,654, compared with $821,911 in the previous year. Total earnings before the deduction of expenses were $4,174,302 in 1942, compared with $3,344,162 in previous year. Current net earnings reported for 1942 were $1,218,076, compared with $698,465 in preceding year.

The following was also reported in the Philadelphia "Inquirer":

The additions to current net earnings for 1942, including $276,774 arising from profits on sales of U. S. Government securities were $435,226, whereas in 1941 additions to current net earnings were $126,688 including $110,404 profits on sales of U. S. Government securities. In 1942 $150,000 was transferred from reserves which were in excess of requirements, compared with $2,475 in 1941.

Distribution of the $1,238,654 net earnings for 1942 was as follows — paid to U. S. Treasury, $32,097; dividends to member banks, $707,874; transferred to surplus, $498,682.

Daily Average Crude Oil Production For Week Ended Jan. 30, 1943 Off 22,600 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Jan. 30, 1943 was 3,826,400 barrels, a decline of 22,600 barrels from the preceding week. It was also 44,950 barrels per day less than during the corresponding period last year and 297,800 barrels below the daily average figure for the month of January, 1943, as recommended by the Office of Petroleum Administration for War. Daily production for the four weeks ended Jan. 30, 1943 averaged 3,826,500 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 3,698,000 barrels of crude oil daily and produced 10,339,000 barrels of gasoline; 3,888,000 barrels of distillate fuel oil, and 7,452,000 barrels of residual fuel oil during the week ended Jan. 30, 1943; and had in storage at the end of that week 88,830,000 barrels of gasoline; 37,057,000 barrels of distillate fuels and 70,763,000 barrels of residual fuel oils. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P.A.W. Recommendations January	*State Allowables Beginning Jan. 1	—Actual Production— Week Ended Jan. 30 1943	Change From Previous Week	4 Weeks Ended Jan. 30 1943	Week Ended Jan. 31 1942
Oklahoma	400,600	400,600	†347,750	+ 1,100	347,900	408,850
Kansas	310,000	310,000	†291,800	—15,700	291,350	251,200
Nebraska	3,400	------	†2,350	— 100	2,550	5,250
Panhandle Texas			88,400	----	88,350	75,500
North Texas			136,700	----	136,450	144,350
West Texas			201,100	----	200,700	242,450
East Central Texas			101,600	----	101,600	80,000
East Texas			327,600	----	327,600	291,000
Southwest Texas			166,700	----	166,500	186,550
Coastal Texas			308,800	----	308,650	250,150
Total Texas	1,426,800	‡1,426,843	1,330,900	----	1,329,850	1,270,000
North Louisiana			91,850	+ 1,350	91,950	81,000
Coastal Louisiana			247,700	----	247,400	285,800
Total Louisiana	347,500	359,500	339,550	+ 1,350	339,350	366,800
Arkansas	78,300	74,826	74,900	— 150	75,050	74,500
Mississippi	50,000		†55,300	— 2,200	58,900	79,750
Illinois	272,600		229,550	—10,500	238,950	370,000
Indiana	17,200		†16,600	+ 2,250	15,750	20,750
Eastern (Not incl. Ill. & Ind.)	107,600		94,500	+ 4,300	90,500	100,800
Michigan	63,700		60,800	+ 1,900	59,700	51,300
Wyoming	94,500		89,950	+ 4,650	86,900	89,050
Montana	24,700		22,300	— 150	22,450	20,800
Colorado	7,000		6,350	— 50	6,450	6,650
New Mexico	105,300	105,300	98,300	----	97,000	119,350
Total East of Calif.	3,309,200		3,060,900	—13,300	3,062,650	3,325,050
California	815,000	§815,000	765,500	— 9,300	773,850	636,300
Total United States	4,124,200		3,826,400	—22,600	3,826,500	3,871,350

*P.A.W. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in October, 1942, as follows: Oklahoma, 30,000; Kansas, 5,200; Texas, 103,700; Louisiana, 20,500; Arkansas, 3,000; Illinois, 10,300; Eastern (not including Illinois and Indiana), 10,400; Michigan, 100; Wyoming, 2,600; Montana, 300; New Mexico, 5,700; California, 42,200.

†Oklahoma, Kansas, Nebraska, Mississippi, Indiana figures are for week ended 7 a.m. Jan. 27.

‡This is the net basic allowable as of Jan. 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 4 to 15 days, the entire state was ordered shut down for 11 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 11 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED JAN. 30, 1943

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are —therefore on a Bureau of Mines basis—

District—	Daily Refining Capacity Potential Rate	% Reporting	Crude Runs to Stills Daily Average	% Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,438	88.2	1,663	68.2	4,930	38,721	17,891	10,595
Appalachian	177	84.8	156	88.1	406	2,980	689	528
Ind., Ill., Ky.	811	85.0	740	91.2	2,173	18,094	4,751	2,574
Okla., Kansas, Mo.	416	80.1	353	84.9	1,103	7,339	1,508	1,329
Rocky Mountain	147	48.0	99	67.3	326	1,864	368	558
California	817	89.9	687	84.1	1,401	19,832	11,850	55,179
Tot. U. S. B. of M. basis Jan. 30, 1943	4,806	85.9	3,698	76.9	10,339	†88,830	37,057	70,763
Tot. U. S. B. of M. basis Jan. 23, 1943	4,806	85.9	3,615	75.2	10,291	87,102	38,034	71,216
U. S. Bur. of Mines basis Jan. 31, 1942			3,842		13,292	100,864	41,012	89,822

*At the request of the Petroleum Administration for War. †Finished, 78,884,000 bbls.; unfinished, 9,946,000 bbls. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 3,888,000 bbls. of gas oil and distillate fuel and 7,452,000 bbls. of residual fuel oil produced during the week ended Jan. 30, 1943, which compares with 4,006,000 bbls. and 7,316,000 bbls., respectively, in the preceding week, and 3,817,000 bbls. and 6,640,000 bbls., respectively, in the week ended Jan. 31, 1942.

Engineering Construction $81,796,000 for Week Volume Almost Double Last Week's Total

Engineering construction volume for the week totals $87,796,000, an increase of 95% over the preceding week,, but 49% below the corresponding 1942 week as reported by "Engineering News-Record" on Feb. 4. Private construction climbs to its highest weekly volume since last October and is 160% above a week ago. It is, however, 52% lower than a year ago. Public construction is up 88% compared with last week, but is 49% under the 1942 week. Federal work tops the preceding week by 92%, while declining 46% from last year. The report added:

The current week's total brings 1943 volume to $308,622,000, an average of $61,724,000 for each of the 5 weeks. On the weekly average basis, 1943 construction is 53% below that reported for the 6-week period in 1942. Private work is 57% lower, and public construction is down 53% from a year ago, when adjusted for the difference in the number of weeks reported.

Construction volumes for the 1942 week, last week and the current week are:

	Feb. 5, '42	Jan. 28, '43	Feb. 4, '43
Total Construction	$161,090,000	$41,855,000	$81,796,000
Private Construction	21,647,000	4,018,000	10,440,000
Public Construction	139,443,000	37,837,000	71,356,000
State and Municipal	9,543,000	1,349,000	1,354,000
Federal	129,900,000	36,448,000	70,002,000

In the classified construction groups gains over last week are in sewerage, industrial buildings, public buildings, and unclassified construction. All classes of work are below their respective totals for the corresponding week last year. Subtotals for the week in each class of construction are: waterworks, $675,000; sewerage, $578,000; bridges, $26,000; industrial buildings, $8,410,000; commercial buildings and large-scale private housing, $1,900,000; public buildings, $47,400,000; earthwork and drainage, $347,000; streets and roads, $1,895,000; and unclassified construction, $20,565,000.

New capital for construction purposes for the week totals $908,000, entirely State and municipal bond sales. This compares with $2,424,000 reported for the week last year.

New construction financing for the year to date, $5,406,000, includes $3,906,000 in State and municipal bonds, and $1,500,000 in RFC loans for industrial expansion.

Non-Ferrous Metals—Allotments For Second Quarter Made By CMP—Magnesium Price Set

Editor's Note.—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of Feb. 4, stated: "First allotments of aluminum, copper, and alloy steels under the new Controlled Materials Plan were made on schedule, the War Production Board announced Feb. 2. During the second quarter of 1943, the various claimant agencies will obtain about 600,000,000 pounds of aluminum, some 600,000 tons of copper, and 17,000,000 tons of carbon and alloy steel. Details on how the metals will be distributed were withheld. In reference to prices, OPA last week established a ceiling price for magnesium. The maximum price conforms with the current market quotation of the leading producer." The publication further went on to say in part:

Copper

The large tonnage of copper allocated for the second quarter (200,000 tons a month, made up of domestic, imported, and reclaimed copper) was about in line with expectations. Approximately 75% of total requirements will be supplied by producers of new copper.

Prices continued unchanged. Domestic consumers are obtaining copper on the basis of 12¢, Valley, and foreign metal is coming into the country at the equivalent of 11.75¢, f.a.s. United States ports.

Lead

Sales of common lead for the last week were below those for the week previous. February's needs are more than one-half covered, with consumers slow about taking on March metal.

Orders with a preference rating of A-1-j or higher are no longer exempted from the restrictions imposed by conservation order M-38-C, WPB has ruled. With increasing assignment of ratings in the AA series, the lower rating no longer necessarily represents a vital war use.

OPA has fixed ceiling prices for lead-arsenate. This was done to halt an inflationary price rise, it was stated.

Zinc

With consumption in non-essentials down to a minimum, zinc producers in some instances find that they have fair tonnages on hand that will probably go into the Government's reserve. WPB continues to view the zinc situation as "tight," because of uncertainty about zinc concentrate supplies for this country's enlarged smelting capacity. Prime Western zinc was unchanged at 8¼¢, St. Louis.

Magnesium

The OPA on Jan. 30 announced maximum base prices for virgin magnesium ingot and alloys. The ceiling prices are in line with the recently reduced schedule that established the quotation of the leading interest for ingot at 20½¢ a pound, retroactive to Jan. 1 of the current year.

The prices, established under Maximum Price Regulation 314, effective Feb. 1, follow:

	Cents Per Lb.
Commercial ingot	20.50
Incendiary bomb alloy	23.40
50-50 Mg-Al alloy	23.75
A.S.T.M. No. 11 alloy	25.00
A.S.T.M. No. 13 alloy	25.00
All other alloys	23.00

Excepting 50-50 alloy, which was reduced 1¢ per pound, the ceiling levels represent a decline from the prices in effect during 1942 of 2¢ per pound.

OPA reports that there are only two private producers of magnesium operating in this country, one of which accounts for a small output purchased by Metals Reserve without price restriction. Other producing plants are owned by the Defense Plant Corp. and operate under various arrangements for compensation which in no case will be affected by OPA price regulations.

Tin

Exports of tin contained in tin concentrate by Bolivia amounted to 38,901 metric tons during 1942, which compares with 42,887 tons in 1941. Out of the tonnage shipped last year, Patino supplied 18,171 tons; Hochschild, 9,966 tons; Aramayo, 2,833 tons; medium producers, 4,721 tons; and small producers, 3,210 tons.

A commission has been named by United States and Bolivian authorities to study the labor situation at Bolivia's tin mines.

Production of tin at the Texas smelter continues to increase, and, except for maintaining imports of tin concentrate, the outlook for the metal under greatly restricted consumption in non-essentials is viewed as encouraging. The stock pile of concentrate is comfortable.

Prices remain unchanged. Straits quality or "Grade A" tin for future shipment was as follows:

	Feb.	March	April
Jan. 28	52.000	52.000	52.000
Jan. 29	52.000	52.000	52.000
Jan. 30	52.000	52.000	52.000
Feb. 1	52.000	52.000	52.000
Feb. 2	52.000	52.000	52.000
Feb. 3	52.000	52.000	52.000

Chinese tin, 99% grade, continued at at 51.125¢ a pound.

Quicksilver

Though some properties on the Pacific Coast have experienced a decline in output during the last week or so because of unfavorable weather conditions, other mines are said to be doing better than expected, with the result that total output for the country has not suffered. Imports are holding to a high level and the extraordinary demands of the war program are being met promptly, including Lend - Lease requirements.

The price situation in quicksilver has not changed. Nearby metal is holding at $196@$198 per flask, New York. On forward business $195 has been done.

Silver

Production of silver in Canada during November amounted to 1,622,647 oz., making the total for the Jan.-Nov. period last year 18,118,286 oz., according to a preliminary report by the Dominion Bureau of Statistics. Output during the first eleven months of 1941 was 18,620,625 oz.

The silver market in London during the last week was unchanged at 23½d. an ounce troy. The New York Official continued at 44¾¢ and the Treasury's price held at 35¢.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc, and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" as of July 31, 1942, page 380.

Mtge. Bankers to Meet In Chicago Feb. 26-27

Based upon the views of mortgage experts, the consensus of opinion seems to be that investors in mortgages will have around 15% of their loans paid off in full in 1943, according to Charles A. Mullenix, Cleveland, President of the Mortgage Bankers Association of America. Opinions recently expressed by men of long experience in mortgage banking run from "not less than 10%" to "at least 15%" as to the amount of mortgage pay-offs. It is stated that it is agreed that higher incomes of large groups of citizens who are earning more in war industries than they ever did before is the principal reason, it is agreed. This year would then probably be the biggest in our history for paying off mortgages in full.

The subject, which was discussed at the Asssociation's New York Conference last month, is scheduled for further review at its second "War and Post-War Clinic" at the Drake Hotel, Chicago, Feb. 26 and 27.

These prepayments—as paying off mortgages in full before maturity are called—will be directly in line with the President's suggestion that during the war period citizens should use their surplus income to pay off debts, Mullenix said. Mortgage bankers heartily approve of the idea because it constitutes an important contribution toward avoiding inflation, according to Mr. Mullenix, who added:

"It must be admitted, however, that heavy prepayments mean considerable sacrifice on the part of mortgage lenders because their choice investments are thus liquidated long before maturity—with little possibility of replacing them for the duration. A mortgage loan is among the most costly banking operations to handle from the lender's standpoint and requires constant attention, supervision and servicing while outstanding. Obviously, when many of them are repaid much quicker than anticipated, the large initial expense involved often means a loss to the lender in the end.

"Contrary to what many might think, heavy prepayments cause no great joy to mortgage lenders except that they will greatly aid in the drive to hold down inflation. Mortgage bankers endorse every word of the President's advice in this regard."

President Reports On Talks At Casablanca

President Roosevelt told a special press conference on Feb. 2 that his Casablanca meeting with British Prime Minister Winston Churchill was primarily a military mission drafting 1943 plans for winning the war by forcing unconditional surrender of the Axis Powers.

The President, pointing out that the meeting was also designed to fulfill a promise he made in his annual message to Congress—that the United Nations would strike hard in Europe—reported that he and Mr. Churchill had worked out plans through their combined staffs and reached a unanimous agreement on how to fulfill that pledge.

As to other comments by the President regarding his journey, the Associated Press reported the following:

The President dwelt at some length on the situation in French North Africa, especially the political problems. He said he thought things were going along pretty well. The problem in North Africa, he said, is essentially a military one.

Mr. Roosevelt said that anyone who tried to stir up talk of disputes between Generals Charles de Gaulle and Henri Giraud, French leaders, was helping the cause of the enemy.

He volunteered the information that every effort was being made to supply modern arms for a French army under Giraud.

Mr. Roosevelt said he thought the highlight of the conference was the formal re-emphasis placed on a belief that there should be no negotiated armistice, only an unconditional surrender by the Axis.

The conferees were in complete touch with Joseph Stalin and Generalissimo Chiang Kai-shek, he added, speaking with a measure of sarcasm about suggestions which he said came from certain people that those two leaders should have been in on the parley. He directed attention to the fact that Russia is not at war with Japan and that China is so situated geographically she can do nothing in the war against Germany.

Replying to an inquiry, the President said he had heard from Stalin since the Casablanca decisions were communicated to the Russian Premier. But he would not discuss Stalin's reaction, calling it a military matter.

Hope springs eternal, he remarked when a reporter wondered whether he hoped at some future time to confer with Stalin.

Mr. Roosevelt asked reporters not to infer that anything was going wrong just because he was not making public the messages he and Stalin exchanged.

There were two highlights, Mr. Roosevelt said, of his stop on the way home to talk with President Vargas ,of Brazil.

One, he explained, is the greatly increased effort Brazil is making to combat submarines. The second, he said, is an agreement that the peace to come must eliminate any future threat from the African coast to the portion of this hemisphere lying closest to Africa.

After giving a word of praise to the press and radio for living up faithfully to the request of the Office of Censorship that secrecy be maintained about the movements of his party, the President noted that he never was out of touch with Washington, even while traveling by air. He placed the length of his trip at 16,965 miles.

Selected Income And Balance Sheet Items Class I Railways For November

The Bureau of Statistics of the Interstate Commerce Commission has issued a statement showing the aggregate totals of selected income and balance sheet items for class I steam railways in the United States for the month of November and the 11 months ending with November, 1942 and 1941.

These figures are subject to revision and were compiled from 132 reports representing 136 steam railways. The present statement excludes returns for class A switching and terminal companies. The report is as follows:

	All Class I Railways			
	For the Month of November		For the 11 Months of	
Income Items—	1942	1941	1942	1941
Net ry. operat. income	$148,949,000	$68,933,015	$1,309,041,877	$918,954,295
Other income	17,591,303	13,631,186	142,472,503	137,789,962
Total income	166,540,303	82,564,201	1,451,514,380	1,056,744,257
Miscellaneous deductions from income	5,193,787	2,126,620	33,920,973	25,318,226
Income available for fixed charges	161,346,516	80,437,581	1,417,593,407	1,031,426,031
Fixed charges:				
Rent for leased roads and equipment	10,708,579	11,079,908	163,790,629	141,290,155
*Interest deductions	36,927,031	38,291,661	406,405,662	425,105,137
Other deductions	118,538	121,135	1,301,204	1,308,030
Total fixed charges	47,754,148	49,492,704	571,497,495	567,703,322
Inc. after fixed charges	113,592,368	30,944,877	846,095,912	463,722,709
Contingent charges	2,282,845	1,557,803	25,383,884	17,009,432
†Net income	111,309,523	29,387,074	820,712,028	446,713,277
Depreciation (way and structures and equip.)	21,081,585	17,980,730	228,342,391	197,707,490
Amortization of defense projects	11,020,840	1,861,862	76,731,762	4,172,420
Federal income taxes	78,814,220	8,343,898	713,080,683	168,156,938
Dividend appropriations:				
On common stock	34,016,015	51,533,759	135,910,684	134,986,391
On preferred stock	3,493,575	4,465,167	29,267,319	24,146,239
¶Ratio of income to fixed charges	3.38	1.63	2.48	1.82

	All Class I Railways		Class I Railways Not in Receivership or Trusteeship	
	Balance at End of November		Balance at End of November	
Selected Asset Items—	1942	1941	1942	1941
Investments in stocks, bonds, etc., other than those of affiliated companies	$522,091,189	$536,307,905	$499,467,843	$488,471,015
Cash	$1,120,469,559	$892,360,703	$850,549,884	$701,495,014
Temporary cash investments	693,537,086	141,619,576	598,121,309	133,450,032
Special deposits	157,172,966	229,499,435	111,306,767	170,263,516
Loans and bills receivable	989,142	1,142,676	934,707	948,263
Traffic and car-service balances (Dr.)	39,736,605	31,466,230	34,064,371	28,321,416
Net balance receivable from agents and conductors	158,171,562	77,955,776	130,141,964	64,111,391
Miscellaneous accounts receivable	412,679,174	177,078,761	326,879,940	136,759,387
Materials and supplies	508,775,912	437,309,795	408,254,956	351,680,861
Interest and dividends receivable	30,691,004	28,755,337	29,398,868	26,730,505
Rents receivable	1,623,507	1,547,600	1,119,549	1,111,397
Other current assets	15,615,833	10,409,846	10,610,102	8,912,235
Total current assets	3,139,462,350	2,029,145,735	2,501,382,417	1,623,784,017
Selected Liability Items—				
‡Funded debt maturing within six months	$150,501,187	$126,458,721	$128,102,746	$113,625,503
§Loans and bills payable	$31,687,951	$57,702,024	$1,324,750	$4,762,950
Traffic and car-service balances (Cr.)	130,740,312	61,540,579	90,276,678	45,067,346
Audited accounts and wages payable	387,518,659	315,819,130	316,831,868	256,229,284
Miscellaneous accounts payable	71,894,557	45,612,799	52,784,839	32,917,738
Interest matured unpaid	44,061,234	32,989,693	33,296,228	29,540,778
Dividends matured unpaid	9,618,596	4,510,307	9,266,335	4,157,999
Unmatured interest accrued	88,480,410	86,935,949	73,214,785	70,843,768
Unmatured dividends declared	70,223,496	52,607,675	70,223,496	52,607,675
Unmatured rents accrued	31,110,461	30,596,538	28,513,912	28,519,588
Accrued tax liability	942,873,647	348,345,417	853,819,063	311,612,552
Other current liabilities	62,901,932	44,071,918	48,423,289	31,882,488
Total current liabilities	1,871,111,255	1,080,732,029	1,577,975,243	868,142,166
Analysis of accrued tax liability:				
U. S. Government taxes	816,494,963	224,884,387	750,778,082	214,164,221
Other than U. S. Government taxes	126,378,684	123,461,030	103,040,981	97,448,331

*Represents accruals, including the amount in default. †For railways not in receivership or trusteeship the net income was as follows: November, 1942, $94,951,304; November, 1941, $32,545,962; for the eleven months ended November, 1942, $665,824,963; eleven months ended November, 1941, $430,629,686. ‡Includes payments of principal of long-term debt (other than long-term debt in default) which will become due within six months after close of month of report. ¶For railways in receivership and trusteeship the ratio was as follows: November, 1942, 2.35; November, 1941, 0.81; eleven months, 1942, 2.16; eleven months, 1941, 1.18. §Includes obligations which mature not more than two years after date of issue.

Labor Bureau's Wholesale Commodity Index Advanced 0.1% During Week Ended Jan. 30

The Bureau of Labor Statistics, U. S. Department of Labor, announced on Feb. 4 that except for continued gains in primary market prices for fresh fruits and vegetables and for livestock, there was very little change in commodity markets during the last week of January. The Bureau's comprehensive index of prices of nearly 900 series rose 0.1% to 101.8% of the 1926 average. In the past month the index has risen 0.6% to the highest point in nearly 17 years.

The Bureau's announcement further stated:

"**Farm Products and Foods**—Average market prices of farm products advanced 0.4% during the week and foods rose 0.3%. Quotations for sheep ranged from about 5 to nearly 10% higher than a week ago. Cows were up more than 2% and hogs over one-half of 1%. In addition, prices were higher for cotton, peanuts and seeds. Grains declined fractionally as a result of weakening markets for barley, corn, oats, and wheat. Rye, on the contrary, advanced 5.4%.

"The advance in the foods group was largely the result of higher prices for butter in certain eastern markets, for most cereal products, citrus fruits, and for apples in the Chicago market. Seasonally lower prices were reported for eggs and corn meal prices declined.

"In the past four weeks, average prices for farm products have advanced 2% while foods have risen 0.8%.

"Lower prices for bran and middlings caused the level for cattle feed to drop 1.4%.

"**Industrial Commodities**—The index for the building materials group increased 0.1% because of higher prices for spruce lumber and for linseed oil. Quotations were lower for rosin and turpentine. Prices for fatty acids were slightly higher. Prices for boxboard continued to advance."

The Bureau makes the following notation:

During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past three weeks, for Jan. 2, 1943, and Jan. 31, 1942, and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

						Percentage changes to Jan. 23, 1943 from—		
Commodity groups	1-30 1943	1-23 1943	1-16 1943	1-2 1943	1-31 1942	1-23 1943	1-2 1943	1-31 1942
All commodities	*101.8	*101.7	*101.6	*101.2	95.9	+0.1	+0.6	+ 6.2
Farm products	117.7	117.2	116.6	115.4	101.3	+0.4	+2.0	+16.2
Foods	105.0	104.7	104.8	104.2	93.9	+0.3	+0.8	+11.8
Hides and leather products	118.4	118.4	118.4	118.4	115.7	0	0	+ 2.3
Textile products	96.8	96.8	96.7	96.7	93.6	0	+0.1	+ 3.4
Fuel and lighting materials	80.1	80.1	80.1	79.9	78.8	0	+0.3	+ 1.6
Metals and metal products	*103.9	*103.9	*103.9	*103.9	103.6	0	0	+ 0.3
Building materials	110.1	110.0	110.0	110.0	109.6	+0.1	+0.1	+ 0.5
Chemicals and allied products	99.5	99.5	99.5	99.5	96.7	0	0	+ 2.9
Housefurnishing goods	104.1	104.1	104.1	104.1	102.9	0	0	+ 1.2
Miscellaneous commodities	90.5	90.5	90.5	90.4	88.4	0	+0.1	+ 2.4
Raw materials	108.3	108.0	107.6	106.7	96.4	+0.3	+1.5	+12.3
Semimanufactured articles	92.5	92.5	92.5	92.5	92.0	0	0	+ 0.5
Manufactured products	*100.3	*100.3	*100.3	*100.1	96.4	0	+0.2	+ 4.0
All commodities other than farm products	*98.4	*98.4	*98.3	*98.2	94.7	0	+0.2	+ 3.9
All commodities other than farm products and foods	*96.3	*96.3	*96.3	*96.2	94.7	0	+0.1	1.7

*Preliminary.

New Capital Issues In Great Britain

The following statistics have been compiled by the Midland Bank Limited. These compilations of issues of new capital, which are subject to revision, *exclude* all borrowings by the British Government; shares issued to vendors; allotments arising from the capitalization of reserve funds and undivided profits; sales of already issued securities which add nothing to the capital resources of the company whose securities have been offered; issues for conversion or redemption of securities previously held in the United Kingdom; short-dated bills sold in anticipation of long-term borrowings; and loans of municipal and county authorities which are not specifically limited. The figures are based upon the prices of issue.

SUMMARY TABLE OF NEW CAPITAL ISSUES IN THE UNITED KINGDOM
[Compiled by the Midland Bank, Ltd.]

Year—	£	Year—	£
1919	237,541,000	1931	88,666,000
1920	384,211,000	1932	113,038,000
1921	215,795,000	1933	132,869,000
1922	235,669,000	1934	150,190,000
1923	203,760,000	1935	182,824,000
1924	223,546,000	1936	217,221,000
1925	219,897,000	1937	170,906,000
1926	253,266,000	1938	118,098,000
1927	314,714,000	1939	66,294,000
1928	362,519,000	1940	4,096,000
1929	253,749,000	1941	2,326,000
1930	236,160,000	1942	3,907,000

NEW CAPITAL ISSUES IN THE UNITED KINGDOM
[Compiled by the Midland Bank, Ltd.]

		Geographical distribution		
	Total	United Kingdom	British overseas countries	Foreign countries
	£	£	£	£
1935	182,824,000	161,934,000	18,038,000	2,852,000
1936	217,221,000	190,808,000	23,353,000	3,060,000
1937	170,906,000	138,768,000	24,938,000	7,200,000
1938	118,098,000	92,746,000	21,284,000	4,067,000
1939	66,294,000	43,335,000	18,313,000	4,646,000
1940	4,096,000	3,544,000	357,000	195,000
1941	2,326,000	1,927,000	399,000	------
1942	3,907,000	3,871,000	36,000	------

January Department Store Sales

The Board of Governors of the Federal Reserve System announced on Feb. 4 that the value of department store sales declined less than seasonally from December to January and the Board's adjusted index rose to a new high level of 142% of the 1923-25 average as compared with a previous peak of 138 reached in January and November last year.

INDEX OF DEPARTMENT STORE SALES‡ (1923-25 AVERAGE=100)

	Jan., 1943	Dec., 1942	Nov., 1942	Jan., 1942
Adjusted for seasonal variation	142	125	138	138
Without seasonal adjustment	111	222	157	108

Change from corresponding period a year ago (per cent)

Federal Reserve	One Week Ending				Four Weeks Ending			
District—	Jan. 30	Jan. 23	Jan. 16	Jan. 9	Jan. 30	Jan. 2	Nov. 28	Oct. 31
Boston	—14	— 5	— 4	+11	— 2	+11	+12	+14
New York	— 7	— 5	— 8	— 6	— 7	+ 7	+ 5	+13
Philadelphia	—13	*— 1	*— 4	*— 5	— 5	*+ 8	+ 8	+17
Cleveland	+ 5	0	— 5	+ 2	0	+ 9	+14	+18
Richmond	—16	+13	+ 1	+ 4	0	+14	+19	+16
Atlanta	+ 5	+14	+13	+23	+13	+ 9	+11	+16
Chicago	+ 4	— 6	— 5	+ 4	— 1	+10	+12	+21
St. Louis	+ 1	*+ 4	+16	+13	+ 8	+12	+14	+11
Minneapolis	†	†	†	†	+ 1	+ 9	+14	+ 7
Kansas City	+20	+28	+26	+31	+26	+24	+35	+36
Dallas	+15	*+25	+24	+24	+22	+23	+19	+22
San Francisco	+ 7	*+ 5	+24	+22	+15	+27	+32	+27
U. S. total	0	*+ 1	+ 1	+ 6	+ 2	+12	+14	+19

WEEKLY INDEX, WITHOUT SEASONAL ADJUSTMENT (1935-39 AVERAGE=100)

1943—		1942—	
Jan. 2	112	Jan. 3	107
Jan. 9	138	Jan. 10	130
Jan. 16	132	Jan. 17	131
Jan. 23	*119	Jan. 24	119
Jan. 30	121	Jan. 31	121

*Revised. †Not shown separately but included in United States total. ‡Monthly indexes refer to daily average sales in calendar month; January, 1943, figures estimated from weekly sales.

Market Value Of Stocks On New York Stock Exchange Higher On Jan. 30

The New York Stock Exchange announced on Feb. 5 that as of the close of business Jan. 30, there were 1,240 stock issues aggregating 1,470,369,538 shares listed on the Stock Exchange, with a total market value of $41,410,585,043. This compares with 1,238 stock issues aggregating 1,470,502,630 shares, with a total market value of $38,811,728,666 on Dec. 31, 1942, and with 1,237 stock issues aggregating 1,466,994,284 shares listed on the Exchange on Jan. 31, 1942, with a total market value of $36,228,397,999.

In making public the figures for Jan. 30, the Exchange said:

"As of the close of business Jan. 30, New York Stock Exchange member total net borrowings amounted to $331,123,834. The ratio of these member borrowings to the market value of all listed stocks on that date was, therefore, 0.80%. As the above figure includes all types of member borrowings, these ratios will ordinarily exceed the precise relationship between borrowings on listed shares and their total market value."

In the following table listed stocks are classified by leading industrial groups with the aggregate market value and average price for each:

Group	—Jan. 30, 1943— Market Value $	Average Price $	—Dec. 31, 1942— Market Value $	Average Price $
Amusement	348,165,032	16.43	333,093,885	15.78
Automobile	3,408,478,894	28.43	3,256,494,569	27.18
Aviation	587,815,428	17.01	544,820,141	15.77
Building	481,609,370	22.61	459,645,706	21.58
Business & office equipment	335,632,788	28.46	315,105,337	26.83
Chemical	5,737,762,160	60.22	5,527,430,016	58.01
Electrical equipment	1,457,325,498	36.30	1,315,420,939	32.76
Farm machinery	661,872,781	50.51	644,430,650	49.18
Financial	821,582,313	16.24	778,244,470	15.37
Food	2,689,695,695	28.81	2,491,358,251	26.68
Garment	41,423,097	24.75	39,807,311	23.79
Land & realty	20,272,750	4.17	18,228,024	3.75
Leather	199,323,630	23.70	186,787,592	22.21
Machinery & metals	1,447,769,259	21.14	1,317,633,713	19.24
Mining (excluding iron)	1,363,412,678	23.23	1,253,216,842	21.21
Paper & publishing	384,155,555	17.04	341,467,606	15.34
Petroleum	4,765,858,188	24.83	4,489,801,520	23.39
Railroad	3,051,314,709	26.79	2,856,542,041	25.08
Retail merchandising	2,076,660,475	28.49	1,945,432,637	26.69
Rubber	437,253,303	41.38	413,564,111	39.14
Ship building & operating	100,756,997	21.14	95,244,982	19.98
Shipping services	9,297,851	5.39	12,065,223	6.52
Steel, iron & coke	2,035,846,382	40.65	1,907,118,450	38.08
Textiles	401,609,810	28,56	380,627,116	27.05
Tobacco	1,149,550,402	42.92	1,043,332,293	38.95
Utilities:				
Gas & electric (operating)	1,834,217,063	19.82	1,673,360,240	18.08
Gas & electric (holding)	806,495,798	8.42	709,084,853	7.40
Communications	3,029,485,511	72.45	2,901,294,359	69.38
Miscellaneous	86,916,890	11.85	78,565,127	10.71
U. S. companies oper. abroad	623,740,683	18.38	577,537,831	17.02
Foreign companies	898,027,477	22.19	795,022,348	19.64
Miscellaneous businesses	117,256,576	19.98	103,950,483	18.73
All Listed Stocks	41,410,585,043	28.16	38,811,728,666	26.39

We give below a compilation of the total market value and the average price of stocks listed on the Exchange:

	Market Value $	Average Price $		Market Value $	Average Price $
1940—			1941—		
Sept. 30	41,491,698,705	28.56	Dec. 31	35,785,946,533	24.46
Oct. 31	42,673,890,518	29.38			
Nov. 30	41,848,246,961	28.72	1942—		
Dec. 31	41,890,646,959	28.80	Jan. 31	36,228,397,999	24.70
			Feb. 28	35,234,173,432	24.02
1941—			Mar. 31	32,844,183,750	22.36
Jan. 31	40,279,504,457	27.68	Apr. 30	31,449,206,904	21.41
Feb. 28	39,398,228,749	27.08	May 29	32,913,725,225	22.40
Mar. 31	39,696,269,155	27.24	June 30	33,419,047,743	22.73
Apr. 30	37,710,958,708	25.78	July 31	34,443,805,860	23.42
May 31	37,815,306,034	25.84	Aug. 31	34,871,607,323	23.70
June 30	39,607,836,569	27.07	Sept. 30	35,604,809,453	24.20
July 31	41,654,256,215	28.46	Oct. 31	37,727,599,526	25.65
Aug. 30	41,472,032,904	28.32	Nov. 30	37,374,462,460	25.41
Sept. 30	40,984,419,434	28.02	Dec. 31	38,811,728,666	26.39
Oct. 31	39,057,023,174	26.66	1943—		
Nov. 29	37,882,316,239	25.87	Jan. 30	41,410,585,043	28.16

National Fertilizer Association Commodity Index Advances Fractionally

The general level of commodity prices was slightly higher last week, according to the price index compiled by the National Fertilizer Association and made public on Feb. 8. In the week ended Feb. 6, 1943, this index advanced fractionally to 134.1 from 134.0 in the preceding week. A month ago it was 132.4 and a year ago 121.7, based on the 1935-1939 average as 100. The Association's report also had the following to say:

The food price average was slightly lower last week, although price changes in the group were about evenly balanced. Farm product prices were mixed. In the farm product group advances in cotton, wheat, cattle, and hogs more than offset declines in corn, rye, barley, and eggs; the net result was a small advance in the farm product index. Fractional advances also took place in the indexes representing the prices of textiles and building materials.

During the week 11 commodities advanced and seven declined; in the preceding week there were 19 advances and seven declines; in the second preceding week there were 14 advances and four declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
[*1935-1939=100]

% Each Group Bears to the Total Index	Group	Latest Week Feb. 6, 1943	Preceding Week Jan. 30, 1943	Month Ago Jan. 2, 1943	Year Ago Feb. 7, 1942
25.3	Foods	137.5	137.8	136.3	117.3
	Fats and Oils	148.5	148.5	150.2	135.5
	Cottonseed Oil	159.0	159.0	164.7	158.7
23.0	Farm Products	151.0	150.9	147.5	131.8
	Cotton	195.6	194.6	190.5	182.3
	Grains	134.5	133.4	130.9	120.0
	Livestock	147.9	148.1	144.3	124.5
17.3	Fuels	120.0	120.0	119.3	113.3
10.8	Miscellaneous commodities	129.0	129.0	129.4	127.3
8.2	Textiles	150.6	150.4	149.6	145.9
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	151.7	151.6	151.4	132.0
1.3	Chemicals and drugs	127.6	127.6	127.6	120.1
.3	Fertilizer materials	117.6	117.6	117.6	118.0
.3	Fertilizers	115.3	115.3	115.3	114.0
.3	Farm machinery	104.1	104.1	104.1	103.5
100.0	All groups combined	134.1	134.0	132.4	121.7

*Indexes on 1926-1928 base were Feb. 6, 1943, 104.5; Jan. 30, 1943, 104.4; Feb. 7, 1942, 94.8.

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Jan. 30, 1943 is estimated at 11,400,000 net tons, an increase of only 200,000 tons, or 1.8%, over the preceding week. Production in the week of Jan. 31, 1942, was estimated at 11,220,000 tons. For the year to date, output was 3.8% lower than in the corresponding period last year.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Jan. 30, 1943, was estimated at 1,322,000 tons, an increase of 275,000 tons (26.3%) over the preceding week. When compared with the output in the corresponding week of 1942, there was an increase of 226,000 tons, or 20.6%.

The U. S. Bureau of Mines also reported that the estimated production of by-product coke in the United States for the week ended Jan. 30, 1943, showed an increase of 11,500 tons when compared with the output for the week ended Jan. 23. The quantity of coke from beehive ovens increased 700 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM
In Net Tons (000 omitted)

	—Week Ended—			—January 1 to Date—		
Bituminous coal and lignite—	Jan. 30, 1943	Jan. 23, 1943	Jan. 31, 1942	†Jan. 30, 1943	†Jan. 31, 1942	Jan. 30, 1937
Total, incl. mine fuel	11,400	11,200	11,220	47,029	48,906	41,438
Daily average	1,900	1,867	1,870	1,881	1,881	1,658
*Crude Petroleum—						
Coal equivalent of weekly output	6,129	6,165	6,201	26,648	29,595	22,011

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B. t. u. per barrel of oil and 13,100 B. t. u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal (Minerals Yearbook, Review of 1940, p. 775). †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	—Week Ended—			—Calendar Year to Date—		
Penn. anthracite—	§Jan. 30, 1943	Jan. 23, 1943	Jan. 31, 1942	Jan. 30, 1943	Jan. 31, 1942	Feb. 2, 1929
*Total, incl. colliery fuel	1,322,000	1,047,000	1,096,000	4,314,000	4,532,000	7,586,000
†Commercial production	1,269,000	1,005,000	¶1,052,000	4,141,000	¶4,351,000	7,040,000
Beehive coke—						
United States total	155,400	154,700	155,400	649,400	647,100	552,600
By-product coke—						
United States total	1,221,000	1,209,500	‡	5,198,500	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	—Week Ended—					Jan. avge.
State—	Jan. 23, 1943	Jan. 16, 1943	Jan. 24, 1942	Jan. 25, 1941	Jan. 23, 1937	¶1923
Alaska	6	6	3	6	2	**
Alabama	375	378	375	329	284	434
Arkansas and Oklahoma	89	98	92	100	107	93
Colorado	182	192	195	181	216	226
Georgia and North Carolina	1	1	1	1	1	**
Illinois	1,340	1,345	1,480	1,254	1,352	2,111
Indiana	483	510	565	479	348	659
Iowa	55	66	92	81	121	140
Kansas and Missouri	179	200	209	166	213	190
Kentucky—Eastern	935	919	806	824	726	607
Kentucky—Western	288	311	276	213	166	240
Maryland	33	29	39	36	39	55
Michigan	8	7	6	11	18	32
Montana (bituminous and lignite)	93	106	88	66	80	82
New Mexico	34	37	34	27	41	73
North and South Dakota (lignite)	71	74	44	70	68	**50
Ohio	640	694	677	495	510	814
Pennsylvania (bituminous)	2,538	2,696	2,665	2,583	2,085	3,402
Tennessee	138	143	141	144	104	133
Texas (bituminous and lignite)	10	8	10	7	16	26
Utah	127	130	124	98	111	109
Virginia	394	407	397	341	291	211
Washington	29	49	33	37	56	74
*West Virginia—Southern	2,105	2,135	1,973	1,829	1,828	1,134
†West Virginia—Northern	855	841	825	668	619	762
Wyoming	192	193	153	118	168	186
‡Other Western States	††	††	2	1	††	**7
Total bituminous and lignite	11,200	11,575	11,305	10,165	9,570	11,850
§Pennsylvania anthracite	1,047	1,007	1,265	1,304	907	1,968
Total all coal	12,247	12,582	12,570	11,469	10,477	13,818

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, Idaho and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "Other Western States." ††Less than 1,000 tons.

December Hotel Sales Higher

In its February bulletin, Horwath & Horwath, New York public accountants, report that December was a good month for hotels, with total sales increasing 28%. This was the largest monthly gain since early in 1934, which year scored large rises both because there had been equally large drops in the four preceding years and because that was the first year to show the benefit of repeal. For the year 1942, the firm reports, the total increase was 15%, and all of the departmental gains were the largest since 1934, while the occupancy at 73% is the highest annual figure since the compilation of these reports began. The total average room rate was up 4% over 1941.

The firm's tabulation follows:

DECEMBER, 1942, COMPARED WITH DECEMBER, 1941

	—Sales, Increase or Decrease—					Occupancy		†Room Rate
	*Total	Rooms	Total Restaurant	Food	Beverages	Dec. 1942	Dec. 1941	Increase or Decr.
New York City	+17%	+18%	+18%	+16%	+20%	78%	68%	+ 2%
Chicago	+27	+23	+32	+28	+40	75	65	+ 7
Philadelphia	+30	+50	+10	+16	+ 2	75	52	+ 4
Washington	+28	+22	+34	+30	+42	90	83	+12
Cleveland	+26	+22	+30	+34	+22	82	69	+ 3
Detroit	+29	+30	+28	+29	+28	85	69	+ 5
Pacific Coast	+50	+61	+48	+40	+60	75	52	+12
Texas	+38	+36	+42	+44	+29	86	68	+ 8
All others	+26	+26	+26	+25	+30	71	59	+ 4
Total	+28%	+29%	+28%	+27%	+32%	74%	61%	+ 5%
Year	+15%	+13%	+17%	+14%	+24%	73%	67%	+ 4%

†The term "rates" wherever used refers to the average sales per occupied room and not to scheduled rates. *Rooms and restaurant only.

"Incentive Payments" To Farmers Proposed

As part of the program of the Department of Agriculture to assist farmers in producing maximum amounts of essential war products, Secretary Wickard announced on Jan. 25 a new $100,000,000 "incentive payments" program.

The new subsidy program will affect farmers who increase plantings of soybeans, peanuts, grain sorghums, flax, sweet potatoes and dried peas.

To finance the program, Secretary Wickard said that Congress will be asked for $100,000,000 in addition to the $400,000,000 already requested in the 1942-43 Agriculture Department budget for the Soil Conservation and Domestic Allotment Act.

The Department recently announced a similar program of "incentive payments" for increased production of dried beans, white potatoes and fresh truck crops.

"The new payments really are a subsidy to consumers, not to farmers," Secretary Wickard said, explaining that "they will permit farmers to increase production without immediate higher prices."

Secretary Wickard further said:

"To get this additional production will mean that farmers will need more labor and materials—which naturally means that their production costs will go up.

"This additional assistance will be necessary also for farmers who have not had experience in growing some of these crops. The program for incentive payments is being offered to compensate farmers for added costs in achieving the increased goals."

This proposed program has been criticized by several members of Congress and by leaders of three national farm organizations and is likely to be bitterly contested when the request for funds comes before Congress.

Representative Cannon (Dem., Mo.), Chairman of the House Appropriations Committee, said on Jan. 28, that Congress had specifically barred such a subsidy program last year and stated that the Agriculture Department's announcement of plans to make these payments "is tantamount to announcement that Congress will reverse its decision and repeal the policy."

Representative Cannon added:

"It is not only an encroachment on the constitutional prerogative of the Congress, but it is a proposal to take a vast sum from the Treasury to pay a part of the cost of living of certain consumers at a time when the consumer's income is the highest in the history of the nation and when every available dollar is needed for the prosecution of the war."

Representative Taber (Rep., N. Y.), ranking minority member of the Appropriations Committee, also opposed the proposal, expressing belief that the money will not be appropriated, and Representative Hope (Rep., Kan.) ranking minority member of the Agriculture Committee, argued that increased farm production costs should be met through consumers' increased and unused purchasing power rather than "having this amount added to the public debt and loaded on the shoulders of future taxpayers."

In a joint statement issued Jan. 28, Edward J. O'Neil, President of the American Farm Bureau Federation; Albert S. Goss, Master of the National Grange, and Ezra T. Benson, Executive Secretary of the National Council of Farmer Cooperatives, said that "these payments as now projected, are nothing but subsidies disguised." "We are unalterably opposed," they said, "to the use of subsidies in lieu of a fair return in the market place."

Automobile Financing And Diversified Financing For Month Of December

The number of new passenger cars financed in December, 1942, by sales finance companies fell off 29% from the number in November of this year, according to an announcement released Jan. 30, by J. C. Capt, Director of the Census. The dollar volume of paper acquired in new passenger car financing was off 27%. The number of used passenger cars financed decreased 25%, and the dollar volume of paper acquired, 23%. Compared with the preceding month, the number of new commercial cars financed was 47% less in December and the dollar volume of paper acquired, 54%. The number of used commercial cars financed decreased 24%, while the dollar volume of paper acquired was off only 20%.

As of Dec. 31, 1942, the volume of retail automotive outstandings held by sales finance companies was 16% less than as of Nov. 30, bringing the index down to 37, compared with 149 at the end of December a year ago.

Wholesale automotive paper acquired for new passenger and new commercial cars by sales finance companies during December, 1942, declined 28% in volume from November of this year, while the volume for used passenger and used commercial cars was off only 7%. The volume of outstanding balances for this type of paper decreased 5% from Nov. 30, 1942, to Dec. 31, 1942.

For December, 1942, in retail diversified financing, month ago comparisons show increases in the financing of residential building repair and modernization (123%), industrial, commercial, and farm equipment (98%), radios and other musical instruments (36%), and furniture (30%); but decreases were recorded for other household appliances (9%), and refrigerators (29%). In wholesale diversified financing, the volume of paper acquired was down 55% from November to December of this year.

As of Dec. 31, 1942, compared with Nov. 30, 1942, the volume of diversified outstanding balances held by sales finance companies decreased 8% for the retail financing of other consumers' goods; 5% for industrial, commercial, and farm equipment; and 23% for wholesale diversified financing (other than automotive).

The ratios of the paper acquired during December, 1942, to the outstanding balances as of Dec. 31, 1942, were 3% for retail automotive, 3% for wholesale automotive, 7% for wholesale—other than automotive, 5% for retail—other consumers' goods, and 9% for industrial, commercial, and farm equipment.

These data on the current trends of sales financing during December, 1942, were based on reports from 239 sales finance companies, and the dollar volumes should not be assumed to represent the total amount of financing by all sales finance companies in the United States. The data are published as reported without adjustment for seasonal or price fluctuations. The figures presented in tables below of this release are not comparable to those published for previous months since monthly reports have not been received each month from identical sales finance companies. All indexes for December were obtained by calculating the percent changes from November to December, as shown by data on reports for both months from the same sales finance companies, and by linking these percentages to the indexes previously derived for November, 1942.

AUTOMOTIVE AND DIVERSIFIED FINANCING

Volume of Paper Acquired During December, 1942, and Balances Outstanding December 31, 1942

Class of Paper—	Volume of paper acquired during December, 1942 By all companies	By companies reporting outstanding balances†	Outstanding balances Dec. 31, 1942†	Ratio of paper acquired to outstand'g balances‡
Total retail automotive	$10,112,807	$9,777,091	$305,204,617	3
Total wholesale automotive	5,496,593	5,435,326	180,195,023	3
Total wholesale—other than automotive	146,930	117,638	1,763,999	7
Total retail—other consum. goods	7,349,018	7,183,520	141,338,415	5
Industrial, commercial and farm equipment	532,245	520,871	5,687,670	9
Total sales financings	$23,637,593	$23,034,446	$634,189,724	4

†Data are based on figures from sales finance companies able to report both their paper acquired and their outstanding balances.

‡Ratios obtained by dividing paper acquired (column 2) by outstanding balances (column 3).

AUTOMOTIVE FINANCING *

Number of Cars Financed and Volume of Paper Acquired during December, 1942

Class of Paper—	Number of cars Number	% of total	Paper acquired Dollar Volume	% of total
Total retail automotive	23,662	100	†$9,912,859	100
New passenger cars	1,207	5	1,039,508	11
New commercial cars	79	1	98,406	1
Used passenger cars	21,568	91	8,351,179	84
Used commercial cars	808	3	423,766	4
Total wholesale automotive	----	--	†$4,976,762	100
New cars (passenger and commercial)	----	--	3,324,499	67
Used cars (passenger and commercial)	----	--	1,652,263	33

*Data are based on reports from sales finance companies providing a breakdown of their retail and wholesale automotive financing. †These amounts are less than those reported in above table due to the exclusion of some data for which breakdowns were not available.

DIVERSIFIED FINANCING *

Volume of Paper Acquired during December, 1942

Class of Paper	Dollar Volume	% of total
Retail—other consumers' goods:		
Furniture	$442,548	8
Radios, pianos & other musical instruments	91,357	2
Refrigerators (gas and electric)	86,036	2
Other household appliances	83,566	2
Residential building repair and modernization	3,032,738	59
Miscellaneous retail	703,959	14
Total retail—other consumers' goods	†$4,440,204	87
Total wholesale—other than automotive	146,930	3
Industrial, commercial, and farm equipment	532,245	10
Total diversified financing	$5,119,379	100

*Data are based on reports from sales finance companies providing a breakdown of their retail financing of other consumers' goods. †This amount is less than that reported in first table due to the exclusion of some data for which breakdowns were not available.

Trading On New York Exchanges

The Securities and Exchange Commission made public Feb. 5 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Jan. 23, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Jan 23 (in round-lot transactions) totaled 1,328,075 shares, which amount was 15.69% of total transactions on the Exchange of 4,232,170 shares. This compares with member trading during the week ended Jan. 16 of 1,371,455 shares, or 15.14% of total trading of 4,527,440 shares. On the New York Curb Exchange, member trading during the week ended Jan. 23 amounted to 318,260 shares, or 19.07% of the total volume of that Exchange of 834,550 shares; during the Jan. 16 week trading for the account of Curb members of 275,580 shares was 17.59% of total trading of 783,460 shares.

The Commission made available the following data for the week ended Jan. 23:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total number of reports received	945	658
1. Reports showing transactions as specialists	174	91
2. Reports showing other transactions initiated on the floor	169	30
3. Reports showing other transactions initiated off the floor	201	84
4. Reports showing no transactions	496	526

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED JANUARY 23, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	99,700	
‡Other sales	4,132,470	
Total sales	4,232,170	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	330,960	
Short sales	54,910	
‡Other sales	321,660	
Total sales	376,570	8.36
2. Other transactions initiated on the floor—		
Total purchases	169,130	
Short sales	15,800	
‡Other sales	179,330	
Total sales	195,130	4.30
3. Other transactions initiated off the floor—		
Total purchases	132,630	
Short sales	13,840	
‡Other sales	109,815	
Total sales	123,655	3.03
4. Total—		
Total purchases	632,720	
Short sales	84,550	
‡Other sales	610,805	
Total sales	695,355	15.69

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED JANUARY 23, 1943

	Total for week	†Per cent
A. Total Round-Lot Sales:		
Short sales	7,390	
‡Other sales	827,160	
Total sales	834,550	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	76,275	
Short sales	6,365	
‡Other sales	86,250	
Total sales	92,615	10.12
2. Other transactions initiated on the floor—		
Total purchases	45,455	
Short sales	400	
‡Other sales	32,350	
Total sales	32,750	4.69
3. Other transactions initiated off the floor—		
Total purchases	26,035	
Short sales	400	
‡Other sales	44,730	
Total sales	45,130	4.26
4. Total—		
Total purchases	147,765	
Short sales	7,165	
‡Other sales	163,330	
Total sales	170,495	19.07
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	30,917	
Total purchases	30,917	
Total sales	24,468	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Feb. 5 a summary for the week ended Jan. 30 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended Jan. 30, 1943

	Total for Week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of Orders	18,294
Number of Shares	514,878
Dollar Value	17,008,192
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	207
*Customers' other sales	17,175
Customers' total sales	17,382
Number of Shares:	
Customers' short sales	7,081
*Customers' other sales	470,382
Customers' total sales	477,463
Dollar Value	14,119,668
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	220
†Other sales	112,470
Total sales	112,690
Round-lot Purchases by Dealers—	
Number of Shares	176,200

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lumber Movement—Week Ended Jan. 30, 1943

According to the National Lumber Manufacturers Association, lumber shipments of 424 mills reporting to the National Lumber Trade Barometer exceeded production by 28.9% for the week ended Jan. 30, 1943. In the same week new orders of these mills were 56% greater than production. Unfilled order files in the reporting mills amounted to 81% of stocks. For reporting softwood mills, unfilled orders are equivalent to 38 days' production at the current rate, and gross stocks are equivalent to 43 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 17.4%; orders by 24.4%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 16% less; shipments were 8% less, and orders were 0.6% greater.

Pay On Porto Alegre 7s

Ladenburg, Thalmann & Co., New York, as special agent, is notifying holders of City of Porto Alegre (United States of Brazil) 40-year 7% sinking fund gold bonds external loan of 1928, that funds have been deposited with them, sufficient to make a payment in lawful currency of the United States of America, of 13.975% of the face amount of the coupons due Aug. 1, 1940, amounting to $4.89⅛ for each $35 coupon and $2.44 9/16 for each $17.50 coupon. The announcement also states:

"Pursuant to the provisions of the Presidential Decree of the United States of Brazil, such payment, if accepted by the holders of the bonds and coupons, must be accepted in full payment of such coupons and of the claims for interest represented thereby.

"No present provision, the notice states, has been made for the coupons due Feb. 1, 1932 to Feb. 1, 1934 inclusive, but they should be retained for future adjustment."

Revenue Freight Car Loadings During Week Ended Jan. 30, 1943 Amounted To 734,582 Cars

Loading of revenue freight for the week ended Jan. 30, 1943 totaled 734,582 cars, the Association of American Railroads announced on Feb. 4. This was a decrease below the corresponding week of 1942, of 80,983 cars or 9.9%, but an increase above the same week in 1941, of 20,228 cars or 2.8%.

Loading of revenue freight for the week of Jan. 30 increased 31,004 cars or 4.4% above the preceding week.

Miscellaneous freight loading totaled 350,543 cars, an increase of 14,529 cars above the preceding week, but a decrease of 21,805 cars below the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 88,585 cars, an increase of 4,098 cars above the preceding week, but a decrease of 63,201 cars below the corresponding week in 1942.

Coal loading amounted to 169,830 cars, an increase of 5,803 cars above the preceding week, and an increase of 14,220 cars above the corresponding week in 1942.

Grain and grain products loading totaled 49,952 cars, an increase of 4,732 cars above the preceding week, and an increase of 2,323 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of Jan. 30 totaled 33,628 cars, an increase of 4,011 cars above the preceding week and an increase of 1,481 cars above the corresponding week in 1942.

Live stock loading amounted to 13,322 cars, an increase of 1,856 cars above the preceding week, and an increase of 1,805 cars above the corresponding week in 1942. In the Western Districts alone, loading of live stock for the week of Jan. 30 totaled 9,669 cars, an increase of 1,767 cars above the preceding week and an increase of 1,190 cars above the corresponding week in 1942.

Forest products loading totaled 32,617 cars, a decrease of 1,052 cars below the preceding week and a decrease of 16,147 cars below the corresponding week in 1942.

Ore loading amounted to 14,540 cars, an increase of 981 cars above the preceding week and an increase of 1,198 cars above the corresponding week in 1942.

Coke loading amounted to 15,193 cars, an increase of 57 cars above the preceding week, and an increase of 624 cars above the corresponding week in 1942.

All districts reported decreases compared with the corresponding week in 1942, except the Pocahontas and Southwestern, but all districts reported increases above the corresponding week in 1941 except the Eastern and Northwestern.

	1943	1942	1941
Week of Jan. 2	621,048	676,534	614,171
Week of Jan. 9	716,272	736,972	711,635
Week of Jan. 16	755,369	811,327	703,497
Week of Jan. 23	703,578	818,081	710,752
Week of Jan. 30	734,582	815,565	714,354
Total	3,530,849	3,858,479	3,454,409

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Jan. 30, 1943. During this period only 32 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED JAN. 30

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Eastern District—					
Ann Arbor	268	668	570	1,296	1,618
Bangor & Aroostock	2,548	1,884	2,114	153	213
Boston & Maine	5,790	8,924	7,860	14,542	13,563
Chicago, Indianapolis & Louisville	1,400	1,470	1,466	2,102	2,448
Central Indiana	31	35	16	57	72
Central Vermont	912	1,184	1,297	2,205	2,230
Delaware & Hudson	6,506	5,927	6,748	11,148	11.223
Delaware, Lackawanna & Western	7,603	9,057	9,373	11,061	9,919
Detroit & Mackinac	267	237	233	113	154
Detroit, Toledo & Ironton	1,891	2,818	3,108	2,019	1,824
Detroit & Toledo Shore Line	303	301	377	2,858	4,454
Erie	12,185	14,548	13,612	17,511	15,920
Grand Trunk Western	3,545	5,289	5,494	9,153	8,961
Lehigh & Hudson River	149	207	144	2,650	3,163
Lehigh & New England	1,776	1,634	1,601	1,553	1,671
Lehigh Valley	8,095	9 496	9,232	11,338	9,900
Maine Central	2,588	3,511	3,496	4,031	3,523
Monongahela	5,955	6,201	4,836	416	440
Montour	2,636	2,093	1,883	26	32
New York Central Lines	44,945	48,637	44,805	54,520	51,323
N. Y., N. H. & Hartford	8,375	12,708	10,901	16,899	16,972
New York, Ontario & Western	891	1,023	1,082	2,872	2,425
New York, Chicago & St. Louis	7,220	6,501	5,381	15,566	14,812
N. Y., Susquehanna & Western	449	575	435	1,581	1,518
Pittsburgh & Lake Erie	7,900	8,287	7,923	8,019	7,521
Pere Marquette	4,748	6,148	6,128	7,478	6,809
Pittsburg & Shawmut	715	584	509	14	66
Pittsburg, Shawmut & North	335	443	393	191	330
Pittsburgh & West Virginia	933	923	774	3,583	2,186
Rutland	303	553	529	1,045	1,147
Wabash	5,689	6,094	5,603	12,513	12 050
Wheeling & Lake Erie	4,853	4,840	4,101	6,214	4,283
Total	151,804	172,850	162,024	224,727	312,770
Allegheny District—					
Akron, Canton & Youngstown	713	728	529	1,174	1,058
Baltimore & Ohio	36,234	39,499	33,840	27,595	23,302
Bessemer & Lake Erie	3,046	3,141	2,800	1,873	1,458
Buffalo Creek & Gauley	385	361	303	4	6
Cambria & Indiana	1,714	1,897	1,926	7	14
Central R. R. of New Jersey	6,285	8,027	6,827	19,907	17,315
Cornwall	465	698	591	71	65
Cumberland & Pennsylvania	204	314	314	7	22
Ligonier Valley	125	143	171	52	52
Long Island	1,009	923	661	3,082	3,371
Penn-Reading Seashore Lines	1,316	1,754	1,235	2,236	2,011
Pennsylvania System	71,832	81,744	69,667	57,746	57,142
Reading Co.	13,556	16,643	15,886	28,352	24,887
Union (Pittsburgh)	20,288	20,849	19,703	5,041	3 692
Western Maryland	3,437	4,102	3,525	13,364	9,600
Total	160,609	180,823	157,978	160,511	143,995
Pocahontas District—					
Chesapeake & Ohio	25,345	24,581	22,481	10,425	10,517
Norfolk & Western	21,234	21,209	21,674	6,645	6,323
Virginian	4,424	4,125	4,549	1,874	1,924
Total	51,003	49,915	48,704	18,944	18,764
Southern District—					
Alabama, Tennessee & Northern	361	413	344	393	331
Atl. & W. P.—W. R. R. of Ala.	661	958	786	2,930	2,116
Atlanta, Birmingham & Coast	637	784	676	1,412	1,081
Atlantic Coast Line	14,472	12,916	11,484	11,318	7,993
Central of Georgia	3,754	4,605	5,263	4,494	4,087
Charleston & Western Carolina	416	400	449	1,607	1,732
Clinchfield	1,669	1,695	1,599	2,737	2,923
Columbus & Greenville	320	335	294	260	308
Durham & Southern	91	194	184	312	999
Florida East Coast	2,966	1,344	955	1,689	1,192
Gainesville Midland	36	42	31	92	107
Georgia	1,291	1,571	1,181	3,049	2,537
Georgia & Florida	356	467	341	519	772
Gulf, Mobile & Ohio	3,452	4,623	3,559	5,401	3,797
Illinois Central System	26,882	29,714	22,323	19,072	15,248
Louisville & Nashville	23,299	24,447	23,616	10,893	8,955
Macon, Dublin & Savannah	169	218	153	904	777
Mississippi Central	171	168	151	427	638
Nashville, Chattanooga & St. L.	2,887	3,726	3,011	4,829	3,809
Norfolk Southern	1,125	1,316	1,167	1,538	1,309
Piedmont Northern	339	514	400	1,097	1,492
Richmond, Fred. & Potomac	302	476	366	9,748	9,009
Seaboard Air Line	10,181	11,121	10,625	9,143	7,495
Southern System	21,154	25,255	23,419	24,469	21,352
Tennessee Central	332	616	496	936	833
Winston-Salem Southbound	96	128	141	1,050	884
Total	117,419	128,046	112,014	120,319	101,776
Northwestern District—					
Chicago & North Western	14,651	18,471	15,320	12,821	14,742
Chicago Great Western	2,546	2,925	2,376	3,031	3,684
Chicago, Milw., St. P. & Pac.	19,055	23,258	19,849	9,756	9,92
Chicago, St. Paul, Minn. & Omaha	3,837	4,583	4,067	3,318	4,58
Duluth, Missabe & Iron Range	1,266	1,129	908	250	407
Duluth, South Shore & Atlantic	659	790	707	488	53
Elgin, Joliet & Eastern	8,932	10,260	9,826	10,706	10,44
Ft. Dodge, Des Moines & South	372	467	417	86	14
Great Northern	9,795	12,170	9,434	4,350	4.48
Green Bay & Western	479	616	522	832	79
Lake Superior & Ishpeming	265	341	252	43	5
Minneapolis & St. Louis	1,765	2,675	1,542	2,034	2,50
Minn., St. Paul & S. S. M.	4,484	5,984	4,911	2,963	3,70
Northern Pacific	8,034	10,665	9,236	4,103	4,73
Spokane International	42	99	102	353	30
Spokane, Portland & Seattle	1,335	2,434	1,550	2,778	2,58
Total	77,517	96,867	81,019	57,917	63,78
Central Western District—					
Atch., Top. & Santa Fe System	19,349	22,665	17,992	10,787	9,87
Alton	*3,095	3,420	2,933	*4,010	3,53
Bingham & Garfield	700	565	460	116	114
Chicago, Burlington & Quincy	17,966	18,427	15,107	10,867	10,97
Chicago & Illinois Midland	2,759	3,066	2,587	902	84
Chicago, Rock Island & Pacific	11,166	12,724	10,560	12,389	12,07
Chicago & Eastern Illinois	2,285	2,901	2,991	5,481	3,29
Colorado & Southern	764	780	812	1,915	1,57
Denver & Rio Grande Western	3,684	3,260	2,878	4,799	4,36
Denver & Salt Lake	802	749	669	6	8
Fort Worth & Denver City	1,059	1,194	863	1,102	1,06
Illinois Terminal	1,564	1,960	1,682	1,442	1,65
Missouri-Illinois	900	1,060	775	496	441
Nevada Northern	1,653	1,906	1,870	106	14
North Western Pacific	534	883	584	529	43
Peoria & Pekin Union	37	21	32	0	
Southern Pacific (Pacific)	21,937	27,114	22,955	12,262	9,533
Toledo, Peoria & Western	400	304	318	1,533	65
Union Pacific System	13,989	16,050	13,664	12,529	12,24
Utah	635	726	412	5	
Western Pacific	1,561	1,926	1,548	3,717	3,25
Total	106,849	121,701	101,742	84.993	76,15
Southwestern District—					
Burlington-Rock Island	683	189	130	212	23
Gulf Coast Lines	6,588	5,335	2,900	2,153	2,78
International-Great Northern	3,308	2,194	1,594	3,415	2,63
Kansas, Oklahoma & Gulf	278	373	167	1,057	1,04
Kansas City Southern	5,327	3,201	2,332	2,411	2,481
Louisiana & Arkansas	3,208	2,622	2,004	2,126	2,46
Litchfield & Madison	270	408	329	1,167	1,16
Midland Valley	583	518	740	212	297
Missouri & Arkansas	117	196	137	414	47
Missouri-Kansas-Texas Lines	6,016	5,143	4,164	5,920	4,700
Missouri Pacific	15,701	17,301	14,834	17,480	13,67
Quanah Acme & Pacific	109	139	83	154	25
St. Louis-San Francisco	8,709	9,442	7,696	7,648	7,028
St. Louis Southwestern	2,985	3,191	2,735	6,220	4,639
Texas & New Orleans	11,241	8,226	6,874	5,020	5,370
Texas & Pacific	4,152	6,730	4,020	7,481	9,116
Wichita Falls & Southern	82	118	120	29	39
Weatherford M. W. & N. W.	24	37	14	29	45
Total	69,381	65,363	50,873	63,148	58,44

*Previous week's figures.

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
1942—Week Ended—					
Nov 7	157,919	138,492	291,780	84	85
Nov. 14	147,815	137,355	301,088	83	85
Nov. 21	146,335	133,188	310,439	83	85
Nov. 28	136,655	124,461	321,885	77	85
Dec 5	150,132	130,761	340,203	82	85
Dec. 12	151,085	137,856	350,011	84	85
Dec. 19	136,363	134,383	350,012	85	85
Dec. 26	118,063	113,600	352,854	72	84
1943—Week Ended—					
Jan. 2	126,844	97,386	379,573	62	84
Jan. 9	134,982	129,365	381,713	82	82
Jan. 16	157,251	137,055	397,437	88	85
Jan. 23	143,028	140,849	398,594	88	86
Jan. 30	152,358	136,645	413,084	88	86

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

From Washington

(Continued from first page)

8,000 miles. I recall the shrieking and sinister twist which the late Senator Borah gave to the name of John J. Raskob in the campaign of 1928. He would never say anything specifically against Raskob but the way he uttered the name the flesh of his auditors was bound to crawl. I recall, too, back in the days agone how successful saloonkeepers came to be an embarassment to their growing and socially inclined daughters and how, at the behest of the daughters, the successful saloonkeepers, having piled up a goodly sum, sought to become "respectable" by becoming bankers. The result was a bank on almost every corner, if you will remember.

Well, today, the term "Bureaucrat" or "Burocrat" as the Chicago "Tribune" successfully calls it, arouses the same mean emotions in people as once did the name of a very able and sincere man, Raskob, as Borah uttered it, and I have a fairly definite conviction that the socially ambitious daughters of Bureaucrats are coming to plead:

"Daddy, please, oh please, get into something respectable so we can go with the right sort of boys."

I am only reporting when I write this, and I also report on the amazing progress which the term has made. I was out in Michigan in a senatorial campaign last year and my candidate was waging relentless and a successful war on the "Washington Bureaucrats." One day, his grown up daughter came to him and said:

"Father, what do you mean by Bureaucrats? My friends and I have discussed the subject at length and we simply do not know what you mean when you refer to 'Bureaucrats.'"

From then on, the father sought laboriously to explain that by "Bureaucracy" he meant a system of bureaus which had come to take the place of representative or legislative Government in the lives of the American people. These bureaus sought to govern by decree, he explained, and the men manning these bureaus were known as "Bureaucrats" and the system was known as "Bureaucracy."

Well, you don't have to do that now. You don't have to explain Bureaucracy at all. The people are seething about it, and while in the ups and downs of our national agitation and propaganda, the gentry may recoup some of their fortunes. I should certainly hate, as the situation stands at this particular time, for a granddaughter to ask me in later years what I did in the war and to have to answer that I was a Bureaucrat. As the tide is moving that term is likely to be one of the most despised of men's endeavors in all history.

This trend of despise is running so rampant that legitimate Government officials are becoming worried about it. They notice grins now when they refer to themselves as public servants.

Presumably, there will be a swinging back to a middle ground which recognizes the legitimacy of certain Government functions and "public servants." Such, as for example, is developing in Prentiss Brown's OPA. It is becoming a haven for lame ducks. Former Congressman McKeogn of Illinois, who made the doughty but losing fight against Wayland Brooks in Illinois, has been taken care of there, and perhaps before this appears, it will be learned that New Deal Senator Clyde Herring of Iowa, who went down in the November tide, has been given a job there. Those sort of public servants are understandable. They cost a little money, but unlike the intellectuals, they don't do any harm. They are "public servants."

Items About Banks, Trust Companies

The Guaranty Trust Company of New York on Feb. 5 honored its Head Paying Teller, Joseph R. Slipper, on the occasion of his retirement from active service after an association of 50 years with the company. In the more than a hundred years of the Guaranty Trust Company's history, Mr. Slipper is the third member of the bank's organization to achieve that length of service, and in retiring on pension he carried with him not only the good wishes of his associates and many friends of long standing among the bank's customers, but also a tangible expression of good wishes in the form of a check for $1,000, presented on behalf of the company by W. Palen Conway, Chairman of the Board.

The date of Mr. Slipper's retirement coincided with that of his completion of a half century of service. He joined the staff in 1893 at the age of 15 as a messenger, but soon became one of the four members of the bookkeeping staff. The books were hand-posted, and the bank then had one telephone in its basement quarters at 59 Cedar Street. Mr. Slipper became teller after a few years' service, and throughout the years of the company's subsequent growth has been chiefly identified with that branch of the Banking Department's work. He has been head of the Paying Tellers Division for many years. The tellers of the bank gave a dinner for Mr. Slipper on the occasion of his retirement, and he was also honored by the Guaranty Quarter Century Club, of which he was the senior member in years of service.

Robert L. Garner has been elected a Trustee of the Bank for Savings in the City of New York. Mr. Garner is Vice-President and Treasurer of the Guaranty Trust Company of New York and is considered an authority on Government securities.

The United States Trust Company of New York has announced the election of Devereux C. Josephs as a Trustee. Mr. Josephs is Financial Vice-President of Teachers Insurance & Annuity Association of America, with which organization he has been associated since 1939. He is also financial officer of several Carnegie Foundations and is Treasurer and Trustee of the Metropolitan Museum of Art. Prior to 1939 he was for many years a partner in the firm of Graham, Parsons & Co. in Philadelphia.

James C. Talley, retired Vice-President of the National City Bank of New York, died on Jan. 31 at his home in Yonkers, N. Y., at the age of 74. Mr. Talley, who retired in 1931, was engaged in banking throughout his business career. A native of Lynchburg, Allen W. Talley, who was Presiciated in business with his father, Allen W. Talley, who was President of the Bank of Lynchburg. He came to New York at the turn of the century to join the Farmers Loan & Trust Co., an association which lasted until this institution was merged in 1929 with the National City Bank at which time Mr. Talley became a Vice-President of the latter organization.

Eugene W. Stetson, President of the Guaranty Trust Company of New York, on February 9 announced that Dale E. Sharp, Vice-President of the company, has been transferred from the Trust Department to the Banking Department, and will henceforth be identified with the company's banking relationships in the Middle West district, comprising the States of Illinois, Michigan, Indiana, Minnesota, Wisconsin, and Iowa. Since his graduation from college in 1924, Mr. Sharp has been associated with the Guaranty Trust Company of New York and the National Bank of Commerce in New York (merged with the Guaranty in 1929) except for a brief period when he was in the investment banking business. In recent years he has been engaged in the investment work of the Trust Department. Mr. Sharp was graduated from Washburn College in 1924 and from New York University, Graduate School of Business Administration, in 1928.

Edward Miller, Comptroller of the Union Dime Savings Bank of New York, died on February 9 at his home in Teaneck, N. J. Mr. Miller was made Comptroller in December 1934 and was in charge of the Real Estate and Mortgage Department of the bank. On March 25 next he would have completed 31 years' service with the Union Dime Savings Bank. During this time he served in various capacities, starting as a clerical assistant in the Secretary's office in 1912. In November 1921 he was made an Assistant Secretary, and in 1924 an Assistant Treasurer of the bank. Mr. Miller was Second Vice-President of the New York Savings Banks Real Estate and Mortgage Forum, and a Director of the West of Central Park Association.

Rupert C. Thompson, Jr., First Vice-President and Cashier of the Providence National Bank, was recently named President of that institution to succeed Thomas L. Pierce, Chairman of the Board.

Mr. Pierce, who has been President of the bank since 1927, succeeds Moses J. Barber as Chairman of the Board. Mr. Barber continues as a member of the bank's directorate.

George P. Buell, Vice-President of the bank, was, according to the Providence "Journal," chosen Vice-President and Cashier, and William Swift, III, Vice-President, was elected Vice-President and Secretary.

John Terhune, Chairman of the Board of Directors of the Long Branch (N. J.) Trust Co. and President of that institution from 1916, died on Feb. 1 at Matawan, N. J., at the age of 86. Mr. Terhune was prominent in New Jersey banking circles for many years, having been associated with his late brother, James Terhune, in organizing the Freehold Banking Co., the Hackensack National Bank, the First National Bank of Manasquan and the Farmers and Merchants National Bank of Matawan.

The promotion of Walter A. Koerber to Second Vice-President of the Equitable Trust Co., Baltimore, was recently announced. Mr. Koerber, who has been associated with the Equitable since 1925, was formerly Assistant Secretary-Assistant Treasurer.

The institution also announces that Henry D. Stansbury and C. Alfred Spilker have been made Assistant Secretaries-Assistant Treasurers; Vernon T. Pittinger, Auditor of the company, has been elected to the additional post of Assistant Treasurer, and J. Edward Lucas was named Assistant Auditor.

The Seville State Bank, Seville, Ohio, has been admitted to membership in the Federal Reserve System, according to an announcement by the Cleveland Reserve Bank. The bank was incorporated in March, 1914, with a capital of $25,000, and now has deposits in excess of $500,000. H. A. Stebbins has served as President and a Director of the bank since 1932.

The Federal Reserve Bank of St. Louis announces that the Farmers State Bank of Camp Point, Camp Point, Illinois, and the Peoples State Bank of Gillespie Gillespie, Illinois., have become members of the Federal Reserve System. The addition of these two banks brings the total membership of the St. Louis Reserve Bank to 452. The Farmers State Bank, organized in 1920, has a capital of $40,000, surplus of $11,000 and total resources of $651,032, while the Peoples State Bank, chartered in 1922, is capitalized at $50,000, has surplus of $10,000 and total resources of $853,270.

The Union Planters National Bank & Trust Co., Memphis, Tenn., has increased its surplus account by $500,000 and become an institution with a capital structure of more than $10,000,000, plus its reserves, Vance Alexander, President, reported at the recent annual stockholders' meeting. The Memphis "Commercial Appeal" reporting this in its issue of Jan. 15 stated:

"Mr. Alexander said that the Board of Directors had authorized the transfer of $500,000 from undivided profits to surplus, which means a new surplus account total of $4,500,000. With capital of $3,500,000 and undivided profits in excess of $2,000,000, this makes a total capital structure exceeding $10,000,000."

O. H. Hurt, Cashier and Manager of the bank's North Memphis branch, was promoted to Vice-President, and Moten D. Cornelius, Assistant Cashier of the Manhattan branch, was advanced to Assistant Vice-President.

Dr. A. H. Giannini, banker and a member of the Board of Directors and of the Finance and Executive Committees of the Columbia Pictures Corp., died on Feb. 7 in Los Angeles at the age of 69.

Dr. Giannini, a physician, formerly was head of the Bank of America National Trust and Savings Association, which was founded by his brother, A. P. Giannini, and was President of the United Artists Corporation from 1936 to 1938. Since retiring from his major banking operations in 1936 Dr. Giannini devoted most of his time to civic affairs, leading community chest drives sponsoring the Philharmonic Orchestra and organizing United Service Organization activities.

A native of California, Dr. Giannini was graduated from St. Ignatius College, San Francisco. in 1894 and received a medical degree from the University of California in 1896. He began the practice of medicine in San Francisco and served as an Army surgeon in the Spanish-American War. About 1908 he entered the banking business as Vice-President and Manager of the Bank of Italy's first branch at San Jose and later was head of the Market Street branch in San Francisco. This bank was founded by his brother, A. P. Giannini, in 1904. Dr. Giannini's banking career shifted to New York in 1909 to assume the Presidency of the Bowery and East River National Bank, later merged with the Bank of America National Association, of which he became Chairman. He returned to California in 1931 to become Chairman of the Bank of America National Trust and Savings Association and resigned in 1936 to become President of United Artists.

Phil A. Strack, Executive Vice-President of the People's National Bank of Washington, Seattle, has been elected President of the institution, succeeding Albert Brygger, who retired because of ill health. Mr. Strack, who was formerly an officer of the United States National Bank of Portland, has been connected with Seattle banking since 1930.

Total assets of the Bank of Nova Scotia (head office Halifax) set a new record at $410,467,055 as of Dec. 31, an increase of $30,000,000 during 1942, according to the bank's 111th annual statement made public Feb. 3. Deposits at $345,601,552 were up almost $42,000,000, while investment account gained $28,000,000. Net earnings for the year were $1,860,262 after taxes of $1,357,773 which compare with the 1941 net of $1,935,602 after $1,061,949 taxes.

Cash, clearings and amounts due from other banks at $89,102,723, represented 23.87% of liabilities to the public, while cash and balances with the Bank of Canada alone represented 11.90%. Total quick assets (including the above items), together with investments and call and short loans secured by stocks and bonds, represented 68.10% of the liabilities to the public, compared with 63.10% last year. Regarding the bank's showing it is also announced:

"Investments amounted to $160,521,400, an increase of approximately $28,000,000 in the year. Short-term Dominion and Provincial securities represented 47% of all investments and the total of both short and long-term Dominion and Provincial securities was 85%. Call loans at $4,538,836, showed a small increase. Other loans came to $126,777,447, a gain of $3,083,393. Current loans to business and individuals were $5,000,000 above last year's figures. Reductions were shown in loans to Provincial and Municipal Governments which were down $1.976,004.

"Liabilities of customers under acceptances and letters of credit were $21,244,614, down $10.237,500 in the year, reflecting reduced opportunities for foreign trade and the running off of special transactions.

"Notes in circulation at $5,033,216, were down $1,155,751 in accordance with Bank Act requirements.

"Total deposits of $345,601,552 were $41,723,573 higher. Of this total, non-interest-bearing deposits of the public at $130,587,563, were up $23,017,492. Interest-bearing deposits of the public came to $180.413,570, practically unchanged from a year ago notwithstanding the substantial withdrawals made during the year for two Victory Loan Campaigns. Deposits of Dominion and Provincial Governments were up $17,001,918 to $26,590,846."

In addressing the annual meeting of the shareholders of the Bank of Nova Scotia on Feb. 3, H. D. Burns, General Manager, reported as follows regarding the cutting down in the number of branches:

"In accordance with Governmental policy of reducing non-essential services and to relieve the manpower situation, the banks generally have cut down their branch distribution and in 1942 have closed 187 branches and sub-branches. For our part, we have closed 15 branches and one sub-branch and we now have 240 branches in Canada and 37 branches elsewhere. Almost all of these closings were exchange arrangements with other banks, so that our volume has not been affected. It is a matter of regret to us that wartime conditions have made it necessary to close branches at points where we have been represented for many years, and it has meant the severance of relations with friends and customers of long standing. However, this is one of the inevitable consequences of the total war effort which makes such great demands on the manpower of the country. It is quite possible that further reductions in the number of branch banks in the country may have to be made in 1943, but in bringing this about it is the general policy of all the banks to see that provision is made for adequate banking facilities throughout the Dominion, because it is recognized that banking service in all sections is necessary for the conduct of the general business and war activities of the country.

The Midland Bank Ltd. of London announces that H. A. Astbury, Chief General Manager, retired on January 31 after over 50 years of service to the bank, but retains his seat on the Board, and that the following appointments have been made, effective on February 1: C. T. A. Sadd, C. B. E., D. L. and G. P. A. Lederer, M. C., at present Assistant Chief General Managers, to be Chief General Managers; A. Woods, D. L., at present Manager of New Street Branch, Birmingham, to be a Joint General Manager.

The net profits of the Westminister Bank, Ltd. (head office London) for the past year, after providing for rebate and taxation, and after appropriations to the credit of contingency accounts, out of which accounts full provision for bad and doubtful debts has been made, amount to £1,237,585. This sum, added to £563,864, brought forward from 1941, leaves available the sum of £1,801,449. The dividend of 9% paid last August on the £4 shares and 6¼% on the £1 shares, absorbs £388,481. A further dividend of 9% is now declared in respect of the £4 shares, making 18% for the year; and a further dividend of 6¼% on the £1 shares will be paid, making the maximum of 12½% for the year. The dividends were payable (less income tax) on Feb. 1 to those shareholders whose names were registered in the books of the company on Dec. 31, 1942. £200,000 has been transferred to bank premises reinstatement and rebuilding account and £300,000 to officers pension fund, leaving a balance of £524,487 to be carried forward.

The Board of Directors of Swiss Bank Corporation at a meeting in Basle on February 3, approved accounts for 1942, showing net profits including carry over of 9,875,180 francs against 9,655,966 francs for 1941, and total assets of 1,366,433,327 francs against 1,370,094,424 francs. At the general meeting on February 26, the Board of Directors will propose a 4% dividend (same as last year), after which there would be a carry over of 3,475,180.57 francs against 3,255,965.81 francs.

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